

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

HUNTINGTON INGALLS INDUSTRIES

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	8/8
2. Internal Controls	6	9/12
3. Support to Employees	7	13/14
4. Conflict of Interest	4	7/8
5. Customer Engagement	7	4/14
6. Supply Chain Management	5	6/10
7. Agents, Intermediaries and Joint Ventures	10	12/20
8. Offsets	2	2/4
9. High Risk Markets	4	7/8
10. State-Owned Enterprises	0	N/A
TOTAL		68/98
BAND		B

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
2
Comments
The company publishes an explicit anti-corruption message which is endorsed by its CEO.
Evidence
<p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ As with the Ethics & Compliance program as a whole, our anti-corruption compliance program is led from the very top of our Company. HII's Board of Directors takes an active role in reviewing the Ethics & Compliance program, and our CEO, Mike Petters, sends regular reminders to employees regarding their compliance obligations and responsibilities.</p> <p>[...]</p> <div style="background-color: #0056b3; color: white; padding: 10px; margin: 10px 0;"> <p><i>"HII is committed to conducting business in an ethical and compliant manner with everyone and everywhere we do business. This commitment includes our practice of not tolerating bribery or corruption of any kind."</i></p> <p>— Mike Petters</p> </div> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.1] Dear HII Employees:</p> <p>Always doing the right thing is an essential belief at Huntington Ingalls industries. It's clear to me that the tone starts at the top and permeates through the culture of the company. At HII, our Code of Ethics and Business Conduct is not merely lip service. It is a set of core values, standards and behaviors that guide employees' commitment to the highest ethical standards. We have to be ethical and act ethically.</p> <p>Our Company Values are clear: Integrity, Safety, Honesty, Engagement, Responsibility and Performance. We should know them and live them daily. Our ethics and compliance belief is also clear: Always Do the Right Thing. Even when it's hard. Especially when no one is looking. This applies not only to you, but to the people who work for you and with you.</p> <p>Remember: At HII, integrity is at the heart of who we are and what we do. We are accountable—individually and collectively—for the highest standards of ethics and integrity. We do the right things ... for the right reasons ... on</p>

purpose. And we're not afraid to speak up and report it to make sure we stay on the right track. HII's non-retaliation policy reinforces our long-standing commitment to a safe reporting environment. HII has zero tolerance for retaliation and activities that impact good-faith reporting.

I encourage you to read this booklet carefully and keep it in your work site for reference. While the Code of Ethics cannot address every situation, and new issues or questions may arise, you should speak to your supervisor, manager, Human Resources representative or Business Conduct Officer for assistance. You can also call anonymously through the company's toll-free 24/7 OpenLine number: 1-877-631-0020.

Thank you for everything you do every day to shape the culture of ethics and compliance at HII.
Mike Petters President and CEO Huntington Ingalls Industries

[13] Corporate Annual Compliance Plan 2019 (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf

[p.1] A message from the president and CEO. If we think of ethics as always doing the right thing—even when no one is looking—we might think of compliance as always doing the right thing—because someone is always looking. The common denominator between the two—and the foundation of Huntington Ingalls Industries' business conduct culture—is always doing the right thing.

As a government contractor, we have a responsibility to perform with integrity in a climate of complex compliance obligations. To help fulfill those responsibilities, we have developed a Corporate Annual Compliance Plan. This plan—and similar ones at HII's three divisions—supplements our Code of Ethics and Business Conduct and will assist us in preventing and detecting misconduct and with our commitment to be “presently responsible.”

The plan is only as effective as the people who execute it. As leaders, we are responsible for living HII's Company Values, listening to employees and creating mechanisms for dissent, and engaging employees in energetic, meaningful conversations about our values, ethics and compliance. Likewise, individual employees are responsible for complying with the laws, regulations, and policies applicable to their jobs every day. If employees are unsure what to do, they should ask. If their questions are not answered or are answered in a way that is inconsistent with HII's Company Values or our Code of Ethics and Business Conduct, employees are expected to report up their chain of command or through a Business Conduct Officer, the Law Department, or the OpenLine.

How well we live our Company Values and execute our corporate and division compliance plans is the lens through which our employees, customers, shareholders, suppliers, and communities will view HII. Let's do everything we can to ensure they know we always do the right thing.

Mike Petters, President and Chief Executive Officer

[11] Ethics and Compliance (webpage)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/>

Mike Petters 2019 Ethics Video Script

Hello ... and welcome to the start of another transformative year at HII! We've spent a lot of time talking about the need to change what we do and how we do it. But one thing that will never change at HII is our commitment to ethics and compliance. I'm proud that we have a company culture grounded in integrity and that our employees across the country and around the world are focused on doing the right thing at all times. But no matter how strong we think our ethical culture may be, I will always believe it could be stronger. That's why our ethics theme for 2019 is “Strengthening Our Ethical Culture.” This year, I'm asking every employee—now more than 40,000 of you—to take an active role in strengthening HII's ethical culture by doing three things:

1. Verbalizing your personal commitment to HII's Code of Ethics and Business Conduct.
2. Talking about our Company Values—Integrity, Safety, Honesty, Engagement, Responsibility and Performance—on a regular basis and how they apply to you and your job.
3. Speaking up if and when you have any questions or concerns related to ethics and compliance.

To that end: Please report suspected violations of HII's Code of Ethics and Business Conduct to your manager, HR Business Partner, Business Conduct Officer or the company OpenLine. And rest assured that HII does not and will not tolerate retaliation against any employee who in good faith reports misconduct or cooperates with an investigation. We can transform HII—and strengthen our ethical culture—with our words and our actions. On behalf

of HII's Board of Directors and the senior executive team, thank you for your commitment to HII's success and making our ethical culture even stronger.

Leaders at all levels must be committed to live the company values and adhere to the highest ethical standards. We must continue to do everything in our power to keep the culture of the company grounded in our integrity."

— Mike Petters, HII president and CEO

Question
<p>1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:</p> <p>a) All employees, including staff and leadership of subsidiaries and other controlled entities;</p> <p>b) All board members, including non-executive directors.</p>
Score
2
Comments
<p>There is evidence that the company has an anti-corruption policy which prohibits bribery, commercial bribery, facilitation payments and payments to government officials. Evidence indicates that this policy applies to all employees and directors of the company, as well as all employees and leadership of subsidiaries and other controlled entities.</p>
Evidence
<p>[19] Leadership Page (Webpage) Accessed 15/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/leadership-and-organisational-culture/ HII has a comprehensive anti-bribery and corruption procedure that applies to all directors, officers, employees, and anyone else acting on HII's behalf. Our Foreign Corrupt Practices and Anti-Bribery Procedure strictly forbids directors, officers, and employees, or any persons acting on behalf of HII, including divisions and subsidiaries, from engaging in acts of bribery and corruption.</p> <p>The scope of prohibited activity includes payments to foreign officials, commercial bribery, facilitation payments, and other forms of corruption. Any employee found to have made, authorized, or directed a payment or offer in violation of HII's procedures or applicable anti-bribery laws will be subject to disciplinary action, including possible termination.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.4] The purpose of the Code of Ethics and Business Conduct is to provide officers, directors and employees with guidelines for making ethical decisions in the conduct of their work. The Code is a set of core values, standards and behaviors within the organization that guide employees' commitment to the highest ethical standards. Abiding by these standards and strictly observing all U.S. and foreign laws and regulations is not only a legal requirement, but also an ethical obligation for all of us at Huntington Ingalls Industries, Inc.</p> <p>[...]</p> <p>Behavior consistent with the Code of Ethics and Business Conduct is one of our most important workplace responsibilities. We have set high ethical standards. The Code applies to officers, directors and employees regardless of position or level of responsibility. It also applies to non-employees who act on the company's behalf in any capacity. All of us are responsible for the integrity and consequences of our actions.</p> <p>[p.8] In addition to the Chief Executive Officer, the Chief Financial Officer and all other managers and employees, the Huntington Ingalls Industries Code of Ethics and Business Conduct applies to members of the Board of Directors, consultants, agents, contract labor and anyone who represents the company in any capacity</p> <p>[p.27] HII does not tolerate bribery or corruption, regardless of where we are located when we do business.</p> <p>6.4 Anti-Bribery and Anti-Corruption Anti-Kickback Act of 1986: Directly or indirectly offering, providing, soliciting or accepting anything of value in return for favorable treatment in connection with a government contract or subcontract is a violation of company policy and federal law, which may result in company discipline as well as severe civil or criminal penalties.</p> <p>Foreign Corrupt Practices Act: FCPA, as it is known, is intended to prevent bribery of foreign officials by representatives of U.S. companies for the purpose of securing an improper business advantage. It prohibits the payment or offering of anything of value directly or indirectly to a foreign government official, political party, party</p>

official or candidate for the purpose of influencing an official act of the person or the government in order to obtain such an advantage.

Byrd Amendment: This law prohibits the use of federally appropriated money to pay any person for influencing or attempting to influence officials of the Executive or Legislative branches of U.S. government, including members of Congress and their staffs, in connection with the award or modification of U.S. government contracts.

[2] Anti-Corruption Program (Webpage)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/>

As stated clearly in our Code of Ethics and Business Conduct (/wp-content/uploads/2017/12/hii_codeofethics2017.pdf),

“HII does not tolerate bribery or corruption, regardless of where we are located when we do business.” To that end, we maintain a robust anti-corruption compliance program as part of our broader Ethics & Compliance program. The anticorruption program has been specially designed to address the needs and risks facing our Company and its various subsidiaries.

As with the Ethics & Compliance program as a whole, our anti-corruption compliance program is led from the very top of our Company. HII's Board of Directors (/board-of-directors/) takes an active role in reviewing the Ethics & Compliance program, and our CEO, Mike Petters (/team/mike-petters/), sends regular reminders to employees regarding their compliance obligations and responsibilities. In order to ensure an organized approach to anti-corruption compliance, HII and each of its subsidiaries and divisions develops an annual anti-corruption compliance work plan to set goals, assign responsibilities, and measure achievements for the upcoming year.

Beyond the actions of the Board and Senior Executives (/team/), we have developed a series of policies and procedures to serve as the framework for the anti-corruption compliance program, including: (i) a comprehensive anticorruption policy; (ii) a policy for the giving and receipt of gifts to ensure that such transactions are not subterfuge for bribery; (iii) a policy on hospitality; and (iv) a policy on potential conflicts of interest. Where necessary, these policies are supplemented with implementing procedures and work instructions so that our employees have a clear understanding of their responsibilities. To ensure that these policies and procedures are widely understood and followed, we have established a formal training program that includes several courses related to anti-corruption compliance. Our training program is designed to ensure that employees in sensitive positions receive targeted training to meet the risks inherent in their duties.

Our anti-corruption compliance program places a number of responsibilities on every member of the workforce. Indeed, it is a cornerstone of our Ethics & Compliance program that compliance is a responsibility of every employee. Chief among these responsibilities is the obligation to report known or suspected misconduct. We openly publicize our OpenLine (/who-we-are/ethics-compliance/openline-and-contact-information/) hotline and regularly remind employees of the various avenues available to report misconduct. To ensure that any reports are handled appropriately, we have developed a formal process for investigating allegations and evidence of misconduct and have a strict and formal prohibition on any retaliation toward whistleblowers.

[3] Supplier Code of Conduct (Document)

Accessed 18/06/2019

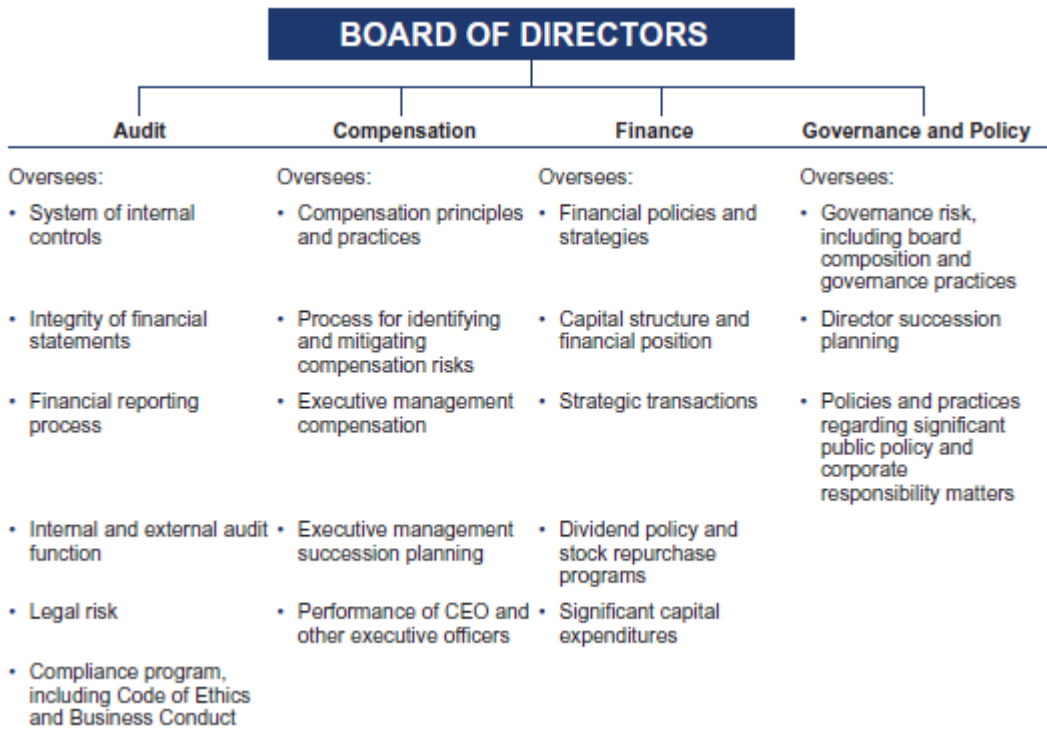
<https://www.huntingtoningalls.com/wp-content/uploads/2016/07/ethicsba.pdf>

[p.2] A. Anti-Corruption Laws

Our suppliers must comply with the anti-corruption laws, directives and/or regulations that govern operations in the countries in which they do business, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. We require our suppliers to refrain from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes a prohibition on facilitating payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law. Personal safety payments are permitted where there is an imminent threat to health or safety.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
<p>There is evidence that the board and the audit committee are ultimately responsible for the oversight of the company's anti-bribery and corruption programme. This includes reviewing reports from management on the programme's performance, along with the results of internal and external audits, and ensuring that required changes are made.</p>
Evidence
<p>[19] Leadership Page (Webpage) Accessed 15/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/leadership-and-organisational-culture/ Hill's Board of Directors and Senior Executive Team provide oversight to the Compliance Program. Chad Boudreaux, Hill's Chief Compliance Officer since 2013, and Kellye Walker, Hill's Chief Legal Officer since 2015, regularly report to the full Board of Directors regarding the implementation and effectiveness of Hill's Compliance Program, including the anti-bribery and anti-corruption program. These reports, occurring at least annually, include updates on findings from external and internal audits related to all aspects of the Compliance Program and other metrics regarding the Compliance Program's performance.</p> <p>Important related documents and links:</p> <p>Notice of Annual Meeting and Proxy Statement</p> <p>[10] Notice of Annual Meeting and Proxy Statement (Document) Accessed 18/06/2019 http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDE3NDIwfENoaWxkSUQ9LTF8VHlwZT0z&t=1&cb=636885132580017975 [p.15] We believe the foundation for good corporate governance starts with a board of directors whose independence, skills, experience and judgment will enable the board to effectively oversee management of the company and to provide constructive advice and counsel to management. The Board and its committees perform a number of important functions for the company and its stockholders, including:</p> <ul style="list-style-type: none"> • overseeing processes that protect the integrity of the company, including the integrity of the company's financial statements and compliance with legal requirements and the company's ethics and business conduct standards; and • evaluating the effectiveness of the Board and its committees. <p>[p.21] The Audit Committee's responsibilities include:</p> <ul style="list-style-type: none"> • Overseeing Hill's relationship with its independent auditor, including (i) reviewing and pre-approving each service and related fees considered to be auditing services and non-prohibited non-audit services and (ii) meeting with the independent auditor to review, among other things, all critical accounting policies, all material alternative accounting treatments discussed with management, and all material written communications with management • Overseeing our internal audit function • Overseeing financial statement and disclosure matters, including meeting with management, the internal auditors and the independent auditor to review and discuss the content of our periodic reports, including financial information, and management's assessment of internal control over financial reporting • Overseeing other matters, including our major financial risk exposures and our compliance program.

[p.25]



[2] Anti-Corruption Program (webpage)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/>

As with the Ethics & Compliance program as a whole, our anti-corruption compliance program is led from the very top of our Company. HII's Board of Directors takes an active role in reviewing the Ethics & Compliance program, and our CEO, Mike Petters, sends regular reminders to employees regarding their compliance obligations and responsibilities.

[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_scce-cep_dec2015.pdf

[p.18] What's the relationship between Compliance and the Board?

KR: Our Board cares greatly about ethics and compliance, and is highly engaged in our compliance program. Our Board is briefed at least annually on our compliance program, and our Chief Compliance Officer, Chad Boudreaux, briefs the Audit Committee on a regular basis.

Question
1.4. Is responsibility for implementing and managing the company’s anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company’s programme?
Score
2
Comments
<p>There is clear evidence that a designated senior executive has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme. It is clear that this person has a direct reporting line to the board. There is evidence of reporting and feedback activities between this person and the board as part of the company's reporting structure.</p>
Evidence
<p>[19] Leadership Page (Webpage) Accessed 15/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/leadership-and-organisational-culture/ HII’s Board of Directors and Senior Executive Team provide oversight to the Compliance Program. Chad Boudreaux, HII’s Chief Compliance Officer since 2013, and Kellye Walker, HII’s Chief Legal Officer since 2015, regularly report to the full Board of Directors regarding the implementation and effectiveness of HII’s Compliance Program, including the anti-bribery and anti-corruption program. These reports, occurring at least annually, include updates on findings from external and internal audits related to all aspects of the Compliance Program and other metrics regarding the Compliance Program’s performance.</p> <p>Important related documents and links:</p> <p>Notice of Annual Meeting and Proxy Statement</p> <p>[...]</p> <p>HII’s Corporate Vice President, Secretary and Associate General Counsel has been designated as the Accountable Vice President for the anti-corruption program at HII. The Secretary has functional responsibility for policies and procedures related to the anti-corruption program, such as the Foreign Corrupt Practices Act and Anti-Bribery Procedure and the Agreements with Third Party Representatives Procedure. In this capacity, the Secretary reports directly to the Chief Compliance Officer, who has overall responsibility for the management and continued development of the Compliance Program. The Chief Compliance Officer reports to the Board of Directors at least annually regarding the Compliance Program.</p> <p>[13] Corporate Annual Compliance Plan 2019 Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.3] The corporate office’s compliance structure consists of: Corporate Vice Presidents accountable for having compliance systems in place (“Accountable VPs”); employees assigned by the Accountable VP to manage a particular area of compliance (“Core Element Managers”); and an attorney from the Law Department appointed by the Chief Legal Officer to assist the Accountable VPs and Core Element Managers (“Law Department Representatives”). Core Element Managers, working with their Law Department Representative, will create corporate office compliance work plans (“Work Plans”) for the Core Elements. Each Work Plan will include a description of the Core Element, details of relevant policies and procedures, Risk Assessments, and action items for the next year. The Work Plans will also define metrics to help assess the corporate office’s compliance performance. Each Work Plan will be approved by the Accountable VP and the CCO.</p> <p>[p.9] Compliance structure division compliance councils & CCO oversight</p> <p>The HII Corporate Plan will be supported by the CCO and certain members of the corporate-level leadership team. The CCO and those individuals will be responsible for making sure this HII Corporate Plan meets the requirements of the Core Principles. The CCO will also have insight into the activities of the other compliance and ethics committees and councils throughout HII. The CCO or his or her designee will participate in each of the divisions’ compliance councils.</p>

[...]

Accountable Vice Presidents

Accountable VPs will have primary responsibility and accountability with respect to his or her assigned Core Elements for:

- Having a system in place designed to prevent and detect misconduct;
- Making sure HII has the appropriate policies and procedures in place to ensure its compliance with the Core Elements and Core Principles;
- Ensuring that employees receive adequate training on policies and procedures, ethics and compliance;
- Providing the support needed by the relevant Core Element Manager;
- Measuring HII's compliance through metrics, surveys, audits, internal assessments, etc.; and,
- Ensuring that potential misconduct is timely reported and investigated. In addition to accountability with respect to HII's corporate operations and employees, Corporate Accountable VPs have oversight and coordination of all of HII's operations relating to that Core Element, where appropriate.

[...]

Compliance Advocates

While not currently utilized at HII Corporate, some of the divisions have appointed "Compliance Advocates" in addition to Core Element Managers for certain "at risk" departments or organizations identified in the division's Risk Assessments. In those cases, the Compliance Advocate will work with the Core Element Manager to implement and champion the Work Plan applicable to the Compliance Advocate's department or organization.

[...]

Core Element Managers

Core Element Managers, appointed by Accountable VPs, are responsible for developing or adopting Work Plans for their Core Element(s). Work Plans will be reviewed and updated each plan year, and shall include: risk analysis; specific period of review and metrics by which to be evaluated; and action items. For the period specified, Core Element Managers will complete a Core Element Evaluation, the results of which will be reported to the Accountable VP and the CCO. Core Element Managers will be responsible for tracking the implementation of the actions of their Work Plan.

For certain Core Elements that are more adequately covered by each division, the corporate Core Element Manager may only need to ensure each division addresses the Core Element and that, to the extent necessary, corporate employees are included in the appropriate training with respect to that Core Element.

Core Element Managers will immediately report any known or suspected violations of the Core Elements or Core Principles to his or her Law Department Representative, the Directors of Compliance, or the CCO.

[p.10] All Corporate Vice Presidents will complete annual certifications related to HII's ethical and compliance obligations via an online survey and certification. As part of the process, each Corporate Vice President will execute appropriate compliance certifications, including the Certification Regarding Responsibility Matters. This certificate helps ensure that HII meets its reporting obligations under the Federal Awardee Performance and Integrity Information System (FAPIS) program. This FAPIS certification process helps ensure that HII submits compliant contract proposals to the U.S. Government.

[...]

The CCO and compliance office

The Compliance Office is a team of compliance professionals led by the CCO, and includes the Directors of Compliance, the Compliance Program Manager, members of the Law Department, supporting staff and the enterprise compliance team. The Compliance Office maintains the processes; develops and administers the Plan; and, promotes collaboration and the use of best practices across all of HII. The Compliance Office manages the content of the Corporate Compliance website, the Compliance Assessment Management System (CAMS), and

serves as the knowledge resource center for compliance. In addition, the CCO will do the following with respect to this HII Corporate Annual Compliance Plan:

- Develop strategies and Work Plans designed to enhance and monitor the Core Principles of this HII Corporate Annual Compliance Plan and the Company's other Compliance Plans;
- Oversee, review, and provide improvements to all of the Company's Compliance Plans, including conducting enterprise-wide or limited compliance reviews, and assessing Compliance Plan/program effectiveness; and,
- Modify Command Media to accommodate Compliance Plans, including this HII Corporate Plan.

The Director of Compliance reports to the CCO. The director is a member of the Law Department and provides oversight, leadership, and legal advice on compliance matters. The director also leads enterprise compliance initiatives to ensure best practices, efficiencies, and consistent messaging is deployed throughout HII, when appropriate.

[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_scce-cep_dec2015.pdf

[p.15] AT: Tell me about your compliance and ethics programs. How are you organized at HII?

KR: Our company has both a compliance program and ethics program. Our compliance program is headed by the chief compliance officer who works in the Law department, and our ethics program is headed by the corporate business conduct officer (BCO) who works in Human Resources.

AT: What are the challenges of being organized in two separate departments?

KR: None—we make it work! Our compliance and ethics programs work hand-in-hand to focus on ethical conduct and compliance with the law. We meet and talk regularly, share ideas, and really support each other. One program cannot be effective without the other. For example, our theme is “Ethics and Compliance—Shaping the Culture.”

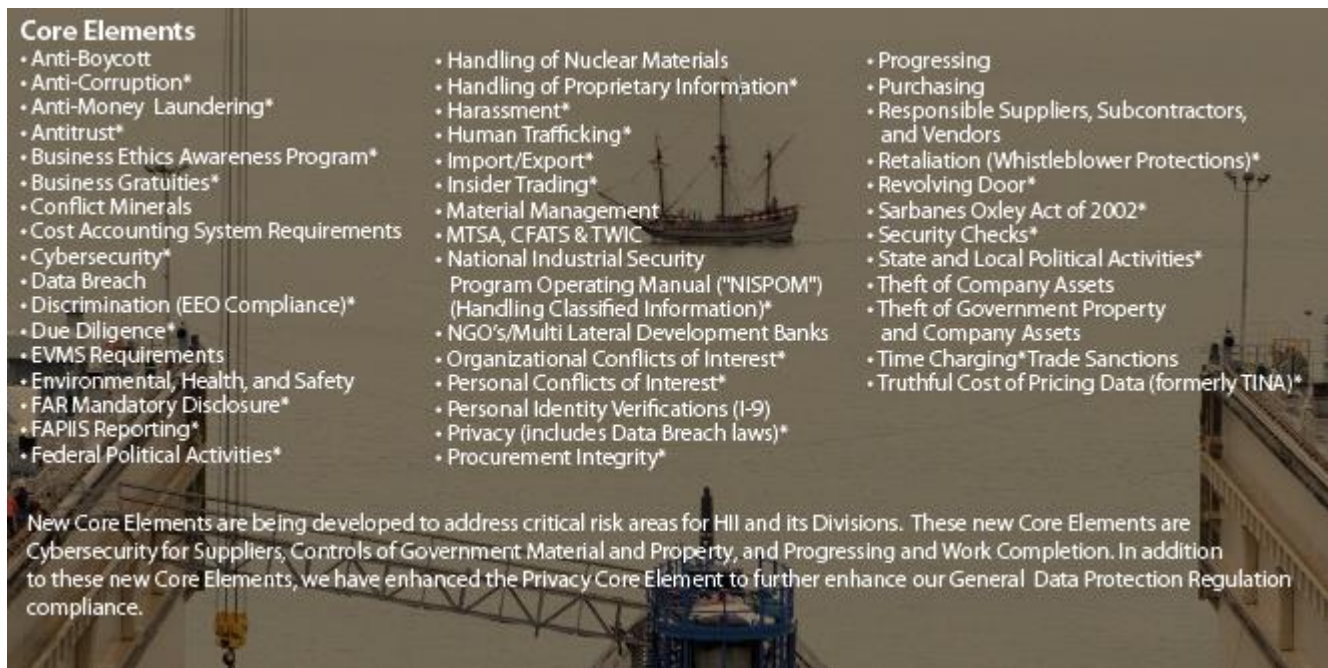
[p.18] AT: What's the relationship between Compliance and the Board?

KR: Our Board cares greatly about ethics and compliance, and is highly engaged in our compliance program. Our Board is briefed at least annually on our compliance program, and our Chief Compliance Officer, Chad Boudreaux, briefs the Audit Committee on a regular basis.

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
2
Comments
<p>Based on publicly available information, the company has a formal bribery and corruption risk assessment procedure that informs the design of the anti-bribery and corruption programme. The company also states that the results of such reviews are used to develop tailored mitigation plans and to update specific parts of the company's anti-bribery and corruption programme. The results of risk assessments are reviewed by the board on at least an annual basis.</p>
Evidence
<p>[21] Internal Controls Page (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/internal-controls/ We are committed to ensuring that our entire Compliance Program, including those elements related to bribery and corruption, is based on a proper assessment of risks. Since Chad Boudreaux was appointed Chief Compliance Officer in 2013, he has led a team of compliance professionals and outside experts in the development of a comprehensive, broad-based Compliance Program. HII's Compliance Program is fundamentally dynamic in nature. It was designed to evolve to confront a dynamic risk environment. On an annual basis, we conduct an anti-corruption risk assessment, using the framework of "Rationalization," "Opportunity," and "Pressure," to assess the likelihood of a corruption issue and identify at-risk areas.</p> <p>The annual risk assessment also identifies risk mitigation factors and establishes risk mitigation action items, assigned to specific individuals with specific deadlines. The risk assessment and mitigation steps also serve as the basis for the annual Anti-Corruption Core Element Work Plan. Performance against the objectives of the Core Element Work Plans are evaluated each year by the Accountable Vice President and Law Department to ensure that responsible employees are carrying out mitigation steps and reaching other stated goals.</p> <p>On an annual basis, the Chief Compliance Officer presents the results of the risk assessments to the Board of Directors.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.3] Each division developed its own Annual Compliance Plan guided by the Core Principles and Core Elements developed by the CCO; those Core Principles and Core Elements in turn guide specific Work Plans that will drive ownership, responsibility, and accountability for compliance to every employee throughout the company. Each division plan is customized to address the risks presented by a particular division's operations. For example, some of the Core Elements identified in the Newport News Shipbuilding Annual Compliance Plan may vary from the Ingalls Shipbuilding Annual Compliance Plan, Technical Solutions Annual Compliance Plans, or this HII Corporate Plan. Even for a single Core Element, the Newport News Shipbuilding Work Plan may be different from the Work Plan developed by Ingalls Shipbuilding, as different risks may require different responses. Each division should coordinate additions or deletions of Core Elements through the applicable division Director of Compliance and the Law Department Representative. Any such changes requires the approval of the CCO.</p> <p>[p.11] Core Elements</p> <p>Following is a list of Core Elements that the Divisions use based on their respective risk level. The section titled "Accountability by Function" sets forth Vice President accountability for each Core Element. While the list of Core Elements covers many of the major compliance areas, it is not necessarily exhaustive. That an area is not listed as a Core Element does not diminish its importance or relieve the Company and its leaders of their obligations for that area. Not all of the Core Elements will apply to all HII employees in their day-to-day business activities.</p>

[...]



Core Elements

- Anti-Boycott
- Anti-Corruption*
- Anti-Money Laundering*
- Antitrust*
- Business Ethics Awareness Program*
- Business Gratuities*
- Conflict Minerals
- Cost Accounting System Requirements
- Cybersecurity*
- Data Breach
- Discrimination (EEO Compliance)*
- Due Diligence*
- EVMS Requirements
- Environmental, Health, and Safety
- FAR Mandatory Disclosure*
- FAPIS Reporting*
- Federal Political Activities*
- Handling of Nuclear Materials
- Handling of Proprietary Information*
- Harassment*
- Human Trafficking*
- Import/Export*
- Insider Trading*
- Material Management
- MTA, CFATS & TWIC
- National Industrial Security Program Operating Manual ("NISPOM") (Handling Classified Information)*
- NGO's/Multi Lateral Development Banks
- Organizational Conflicts of Interest*
- Personal Conflicts of Interest*
- Personal Identity Verifications (I-9)
- Privacy (includes Data Breach laws)*
- Procurement Integrity*
- Progressing
- Purchasing
- Responsible Suppliers, Subcontractors, and Vendors
- Retaliation (Whistleblower Protections)*
- Revolving Door*
- Sarbanes Oxley Act of 2002*
- Security Checks*
- State and Local Political Activities*
- Theft of Company Assets
- Theft of Government Property and Company Assets
- Time Charging*Trade Sanctions
- Truthful Cost of Pricing Data (formerly TINA)*

New Core Elements are being developed to address critical risk areas for HII and its Divisions. These new Core Elements are Cybersecurity for Suppliers, Controls of Government Material and Property, and Progressing and Work Completion. In addition to these new Core Elements, we have enhanced the Privacy Core Element to further enhance our General Data Protection Regulation compliance.

[p.13] Risk Assessment and Evaluation Each year, using HII's CAMS the Company will conduct an "Evaluation" (backward looking review) and a "Risk Assessment" (forward looking analysis) for each Core Element.

To start that process, a senior officer of the Company will request that HII's Law Department conduct a privileged and confidential review of how well the Plan and related activities comply with applicable law and legal standards. The Compliance Program Manager, the Core Element Manager, and the Law Department Representative will meet each fall to complete an Evaluation for each Core Element. In the following year, those individuals will meet to complete the Risk Assessment section within the CAMS for each Core Element.

[...]

Risk Assessment

Work Plans will be informed by a privileged risk assessment of each Core Element conducted by the Compliance Program Manager, Core Element Manager, and Legal Representative at the direction of the Law Department. In analyzing risk, they will evaluate the risk likelihood and severity for each Core Element based on the three elements of the fraud triangle - Rationalization, Opportunity, and Pressure. Additionally, they will determine if "Enterprise Risk" exists. An "Enterprise Risk" is any risk that, when aggregated across programs, locations, or business, affects any of the following: the sustainability of the division or HII; the ability of the division or HII to achieve their respective objectives, strategies or models; or impact HII's reputation. If "Enterprise Risk" exists with respect to a Core Element, the Core Element Manager will inform the head of HII's Enterprise Risk Management program, the Accountable VP, and his or her Law Department Representative.

[...]

Risk Mitigation

Core Element Managers, working with their Legal Representative, may determine specific actions are appropriate to either reduce or sustain the assessed risk. These actions will be recorded in CAMS under the section titled Risk Mitigation, and should include a scheduled period of time for completion. The following graphic depicts the Risk Assessment and Mitigation process.

[...]

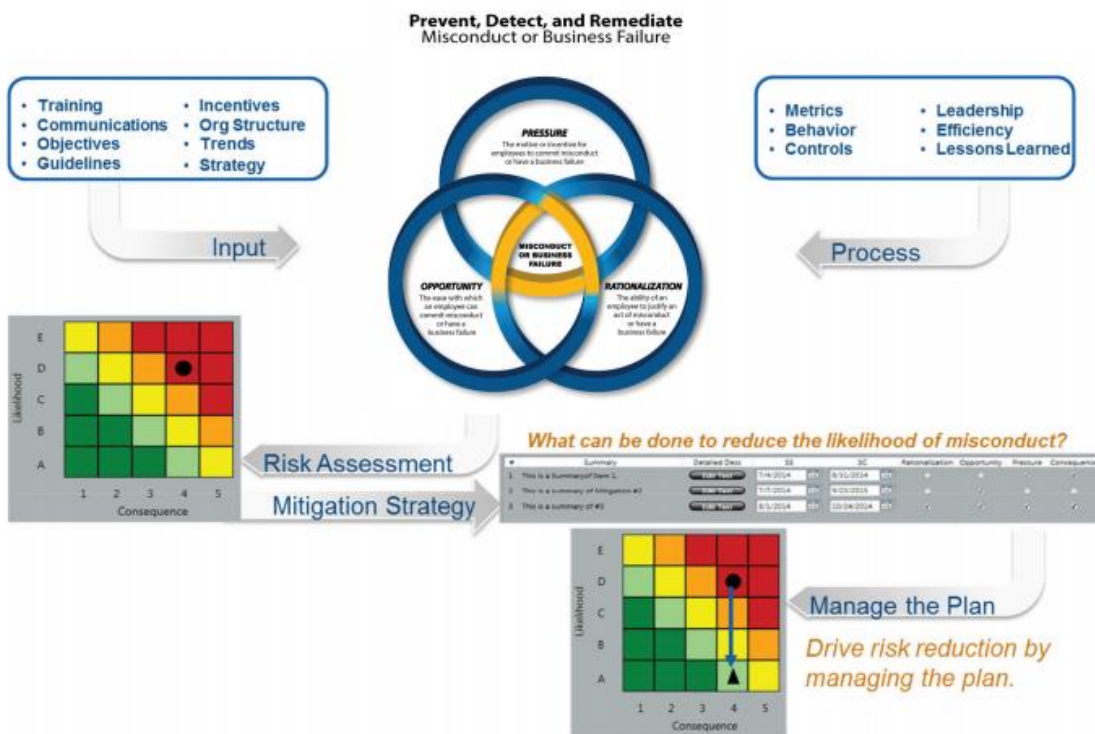
External Risks

In addition to this Risk Assessment Process, when appropriate the Law Department will assist the company in evaluating certain external risks. Evaluation The Core Element Manager, with the advice and assistance of their Legal Representative, will evaluate the Core Element by completing the Evaluation section within CAMS.

[...]

Evaluation

The Core Element Manager, with the advice and assistance of their Legal Representative, will evaluate the Core Element by completing the Evaluation section within CAMS.



Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
2
Comments
<p>There is evidence that the company's entire anti-bribery and corruption programme is subject to a regular audit process to ensure the programme is consistent with best practice and the business risks facing the company. The company states that it continually monitors and improves its programme, which undergoes an annual review. There is also evidence that high-level audit findings are presented to the board, and that the company's compliance department holds responsibility for implementing planned updates and improvements to the anti-corruption programme.</p>
Evidence
<p>[21] Internal Controls Page (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/internal-controls/ We subject our Compliance Program to regular internal and external testing and inspection. On an annual basis, we perform a review and evaluation of each of the Core Elements of our Compliance Program, including our Anti-Corruption Core Element. This evaluation, which is performed by the Accountable Vice President in tandem with a member of the Law Department, reviews HII's performance against stated objectives in the Anti-Corruption Core Element Work Plan. Following this evaluation, the Accountable Vice President and Law Department member may propose revisions to the Anti-Corruption Work Plan for the following year or, if necessary, revisions to the anti-corruption compliance program more generally.</p> <p>Internal Audit also plays a key role in monitoring the performance of the anti-corruption program. Each year, Internal Audit performs a comprehensive review and evaluation of the Compliance Program. The 2019 Compliance Program review will be based on the April 2019 Guidance Document from the US Department of Justice, titled Evaluation of Corporate Compliance Programs.</p> <p>Although all Company policies, procedures, systems, and processes are subject to review, Internal Audit activities are primarily based on assessments of enterprise risk. The annual planning process starts with the Company's identification and evaluation of enterprise risks (including emerging risks). Generally, from this evaluation, a majority of high and medium rated risks are selected to make up the Annual Audit Plan. This risk based model enables periodic review of compliance, financial and operational areas throughout the Company. Within some of the reviews, elements of the Company's anti-bribery and corruption program (as well as other compliance areas) are assessed and all corrective actions are monitored to final remediation. As a result and based on our risk-based model, the Anti-Corruption Core Element Work Plan is subject to (eligible for) review, along with other elements related to the anti-corruption program including lobbying, gifts and gratuities, and conflicts of interest.</p> <p>Finally, each year we work with outside experts to perform "Compliance Reviews" of various aspects of our Compliance Program. These Compliance Reviews involve a comprehensive assessment of our existing controls in the relevant area, many of which involve aspects of our anti-corruption program. Following these Compliance Reviews, we make any necessary adjustments to policies, procedures, and controls.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.10] HII's internal controls will be subject to periodic independent reviews and assessments by Internal Audit as set forth in corporate procedure CO F102, Internal Audit. The audits to be performed will be identified in HII's Annual Audit Plan based upon identification and evaluation of current and emerging enterprise risks. Generally, from this evaluation, a majority of high and medium rated risks are selected to make up the Annual Audit Plan. In addition to those audits identified in HII's Annual Audit Plan, the CCO, with the concurrence of Internal Audit, may from time-to-time request subject specific testing of HII's compliance with contractual, regulatory, and legal requirements.</p> <p>[p.11] Core Elements:</p>

- Anti-Boycott
- Anti-Corruption*
- Anti-Money Laundering*
- Antitrust*
- Business Ethics Awareness Program*
- Business Gratuities*
- Conflict Minerals
- Cost Accounting System Requirements
- Cybersecurity*
- Data Breach
- Discrimination (EEO Compliance)*
- Due Diligence*
- EVMS Requirements
- Environmental, Health, and Safety
- FAR Mandatory Disclosure*
- FAPIIS Reporting*
- Federal Political Activities*
- Handling of Nuclear Materials
- Handling of Proprietary Information*
- Harassment*
- Human Trafficking*
- Import/Export*
- Insider Trading*
- Material Management
- MTSA, CFATS & TWIC
- National Industrial Security
- Program Operating Manual ("NISPOM") (Handling Classified Information)*
- NGO's/Multi-Lateral Development Banks
- Organizational Conflicts of Interest*
- Personal Conflicts of Interest*
- Personal Identity Verifications (I-9)
- Privacy (includes Data Breach laws)*
- Procurement Integrity*
- Progressing
- Purchasing
- Responsible Suppliers, Subcontractors, and Vendors
- Retaliation (Whistleblower Protections)*
- Revolving Door*
- Sarbanes Oxley Act of 2002*
- Security Checks*
- State and Local Political Activities*
- Theft of Company Assets
- Theft of Government Property and Company Assets
- Time Charging*Trade Sanctions
- Truthful Cost of Pricing Data (formerly TINA)*

[p.14] Based upon an agreed-upon schedule, Internal Audit will independently validate a select number of Core Element Evaluations each year. Internal Audit will review information contained within the Evaluation section of CAMS and will validate key attributes. Core Element Managers, Accountable VPs, Compliance Office, and Internal Audit will resolve all validation observations.

[10] Notice of Annual Meeting and Proxy Statement (Document)

Accessed 18/06/2019

<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDE3NDIwENoaWxkSUQ9LTF8VHlwZT0z&t=1&cb=636885132580017975>

[p.21] The Audit Committee's responsibilities include:

- Overseeing HII's relationship with its independent auditor, including (i) reviewing and pre-approving each service and related fees considered to be auditing services and non-prohibited non-audit services and (ii) meeting with the independent auditor to review, among other things, all critical accounting policies, all material alternative accounting treatments discussed with management, and all material written communications with management
- Overseeing our internal audit function
- Overseeing financial statement and disclosure matters, including meeting with management, the internal auditors and the independent auditor to review and discuss the content of our periodic reports, including financial information, and management's assessment of internal control over financial reporting
- Overseeing other matters, including our major financial risk exposures and our compliance program.

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
1
Comments
<p>The company publicly commits to investigating incidents promptly, independently and objectively. The company states that corruption investigations are carried out by an external team or by an investigations unit within the legal department. The company states that all allegations and investigative steps are documented, and that the senior management, the relevant divisional leadership and the legal department are informed of the status and outcomes of all investigations. The company commits to informing whistleblowers of the outcome of investigations if they so wish. The company also states that as part of each investigation root causes are examined and remediation plans implemented if appropriate.</p> <p>However, although the company states that all investigations are reported to senior management, it is not clear how frequently this occurs.</p>
Evidence
<p>[21] Internal Controls Page (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/internal-controls/ HII has a system and process, fine-tuned through years of experience, for responding to allegations of misconduct of all kinds, including bribery and corruption. All investigations are handled promptly, professionally, and independently. Under HII policy, all allegations of corruption and bribery, regardless of who receives them, must be referred to the Law Department for management and investigation. All investigations regarding corruption or bribery are addressed by our Investigations Unit, a group within the Law Department, or by qualified outside counsel. Any allegations of material corruption are referred to qualified outside counsel for investigation.</p> <p>Investigations of misconduct are tracked in an investigations database and typically documented in written reports and forms. The status and results of investigations are reported to Senior Management, including Division Presidents and Division Counsel. These reports include determinations of root causes and recommended remedial actions. Results are also tracked and compiled on a company-wide basis.</p> <p>We strongly encourage employees to report bribery and corruption concerns and have policies in place to protect whistleblowers. Our OpenLine system, managed through a third-party provider, helps us track and manage whistleblower reports and protect the identity of anonymous whistleblowers. It is our policy and practice to keep whistleblowers apprised of the results of investigations to the extent possible.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.8] Investigating Misconduct</p> <p>The Law Department investigations unit will oversee, counsel, track, direct, and conduct investigations into alleged misconduct that could result in a disclosure to the Government. A suspected violation of law, regulation, company policy, or procedure that does not require a mandatory report to the Government will be investigated at the appropriate level depending on the severity of the violation and its potential impact to the business operations and reputation of the company. Many of those investigations will also be elevated to the Law Department. The Law Department will make the determination as to whether to perform an investigation itself, engage outside counsel to conduct an investigation, prioritize investigations, or enlist the assistance of another department to assist with an investigation under the direction, control, and supervision of the Law Department investigations unit. The investigations unit will also provide legal advice to the company as to whether there is credible evidence of misconduct and advise the company on its disclosure obligations.</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/</p>

To ensure that any reports are handled appropriately, we have developed a formal process for investigating allegations and evidence of misconduct and have a strict and formal prohibition on any retaliation toward whistleblowers.

[5] EthicsPoint – Reporting General (webpage)

Accessed 18/06/2019

<https://secure.ethicspoint.com/domain/media/en/gui/47460/faq.html>

Where do these reports go? Who can access them?

Reports are entered directly on the EthicsPoint secure server to prevent any possible breach in security. EthicsPoint makes these reports available only to specific individuals within the company who are charged with evaluating the report, based on the type of violation and location of the incident. Each of these report recipients has had training in keeping these reports in the utmost confidence.

[1] Code of Ethics and Business Conduct (Document)

Accessed 18/06/2019

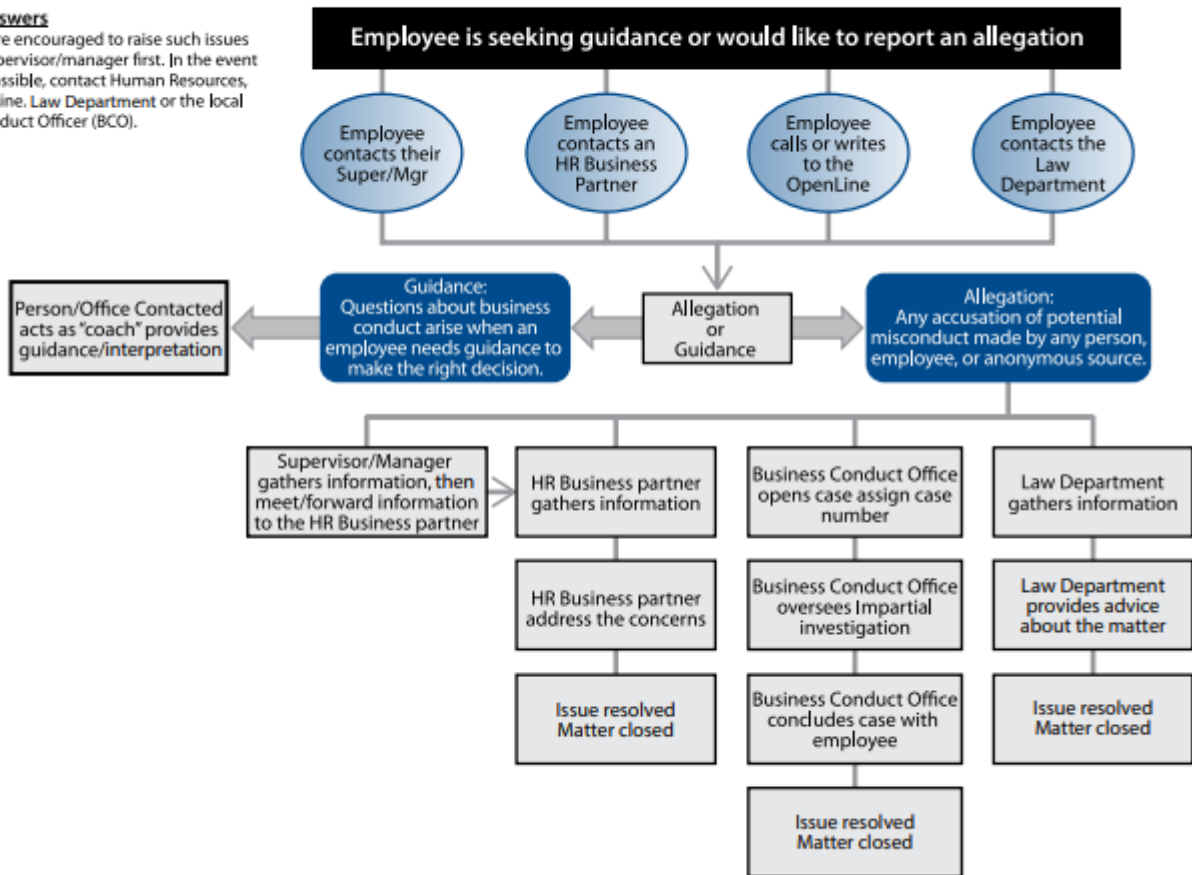
https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf

[p.10]

HOW TO REPORT POTENTIAL VIOLATIONS

Getting Answers

Employees are encouraged to raise such issues with their supervisor/manager first. In the event that is not possible, contact Human Resources, or the OpenLine, Law Department or the local Business Conduct Officer (BCO).



[p.11] The Ethics Office is responsible for managing the OpenLine process and works with the Law Department and other organizations to ensure reported OpenLines have been properly investigated and closed out. Investigations will be conducted in an ethical and objective manner. HII may employ a variety of methods to conduct investigations. You have a duty to fully cooperate with an investigation and to promptly, completely and truthfully comply with all requests for information, interviews or documents during the course of the investigation. HII treats all

reports of alleged misconduct confidentially, and only those persons with a need to know are informed and involved in an investigation.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
1
Comments
<p>There is evidence that the company assures itself of the quality of both its internal investigations and whistleblowing investigations. The company indicates that its investigators are properly trained and qualified, or that investigations are carried out by specialist external investigators. The company states that its investigations process is reviewed annually.</p> <p>However, there is no information about how complaints about the investigation process are handled.</p>
Evidence
<p>[21] Internal Controls Page (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/internal-controls/ We understand that a critical element of our Compliance Program, our ability to detect and respond to misconduct, would be undermined if we could not perform professional high-quality internal investigations. Among other things, this could lead to a loss of employee confidence and an unwillingness to report potential misconduct through appropriate channels.</p> <p>As noted above, all investigations into allegations of bribery and corruption, whether from whistleblowers or other sources, are addressed by our experienced Investigations Unit or qualified outside counsel. Our Investigations Unit is comprised of highly qualified and experienced investigators, led by former U.S. Department of Justice personnel and others with extensive experience investigating misconduct.</p> <p>We take various steps to ensure the quality of our investigations. Internal Audit annually audits the investigations process to ensure that investigations are addressed professionally and efficiently and that appropriate remedial action is taken. On an annual basis, the Audit Committee of the Board of Directors receives a briefing from the Law Department on the company's responses to allegations of misconduct, including the numbers and types of reported allegations of misconduct and the number, types, and dispositions of misconduct investigations.</p> <p>Finally, if an investigation results in a material finding of bribery and corruption, a committee that includes the Chief Compliance Officer and Director of Compliance will review the investigative process and the results of the investigation to make a determination as to whether the findings should be disclosed to relevant authorities.</p>
<p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ To ensure that any reports are handled appropriately, we have developed a formal process for investigating allegations and evidence of misconduct and have a strict and formal prohibition on any retaliation toward whistleblowers.</p>
<p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.11] The Ethics Office is responsible for managing the OpenLine process and works with the Law Department and other organizations to ensure reported OpenLines have been properly investigated and closed out. Investigations will be conducted in an ethical and objective manner. HII may employ a variety of methods to conduct investigations. You have a duty to fully cooperate with an investigation and to promptly, completely and truthfully comply with all requests for information, interviews or documents during the course of the investigation. HII treats all reports of alleged misconduct confidentially, and only those persons with a need to know are informed and involved in an investigation.</p>
<p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf</p>

[p.8] Investigating Misconduct

The Law Department investigations unit will oversee, counsel, track, direct, and conduct investigations into alleged misconduct that could result in a disclosure to the Government. A suspected violation of law, regulation, company policy, or procedure that does not require a mandatory report to the Government will be investigated at the appropriate level depending on the severity of the violation and its potential impact to the business operations and reputation of the company. Many of those investigations will also be elevated to the Law Department. The Law Department will make the determination as to whether to perform an investigation itself, engage outside counsel to conduct an investigation, prioritize investigations, or enlist the assistance of another department to assist with an investigation under the direction, control, and supervision of the Law Department investigations unit. The investigations unit will also provide legal advice to the company as to whether there is credible evidence of misconduct and advise the company on its disclosure obligations.

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
2
Comments
<p>The company states that either the Chief Compliance Officer, Chief Legal Officer, or CEO will report material findings of corruption to the board of directors. There is evidence that the company's Chief Compliance Officer and Chief Legal Officer hold joint responsibility for disclosing findings to the relevant external authorities.</p>
Evidence
<p>[21] Internal Controls Page (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/internal-controls/ If an investigation results in a material finding of bribery and corruption, a committee that includes the Chief Compliance Officer and Director of Compliance will review the investigative process and the results of the investigation to make a determination as to whether the findings should be disclosed to relevant authorities.</p> <p>[...]</p> <p>Material findings of corruption and other criminal conduct are reported to the Board of Directors through the Chief Compliance Officer, Chief Legal Officer, or CEO.</p> <p>As a responsible government contractor, HII works closely with multiple government agencies, and takes an aggressive approach to disclosing potential misconduct. We are committed to working with relevant authorities in aid of investigations and to making any disclosures required by law or otherwise necessary under the circumstances. Evaluating whether disclosure to relevant authorities is warranted is a key element of HII's investigative procedures. The Chief Compliance Officer and Chief Legal Officer work with relevant authorities to the extent disclosure is warranted.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.7] Requirement to report certain misconduct to the government When HII has credible evidence that certain reported misconduct may have occurred, HII has a contractual obligation to disclose such conduct to the Government. HII implements these requirements by following corporate procedure CO A315, Mandatory Referral to the HII Law Department of Potentially Significant Allegations. This issue is also addressed in HII's Code of Ethics and Business Conduct. To ensure compliance with HII's contractual obligations to report certain misconduct, any employee to whom any of the following misconduct is reported shall notify the Law Department as soon as possible:</p> <ul style="list-style-type: none"> • Procurement, financial or contract fraud; • Conflicts of Interest; • False statements; • False claims made to the Government; • Gratuities; • Bribery; • Trafficking in persons (sex trafficking, forced labor, involuntary servitude); • Overpayment by the Government; and, • Kickbacks. A specific listing of the types of conduct that could result in a reported violation of the above categories of misconduct is contained in corporate procedure CO A315. <p>[p.8] Investigating Misconduct</p> <p>The Law Department investigations unit will oversee, counsel, track, direct, and conduct investigations into alleged misconduct that could result in a disclosure to the Government. A suspected violation of law, regulation, company policy, or procedure that does not require a mandatory report to the Government will be investigated at the appropriate level depending on the severity of the violation and its potential impact to the business operations and</p>

reputation of the company. Many of those investigations will also be elevated to the Law Department. The Law Department will make the determination as to whether to perform an investigation itself, engage outside counsel to conduct an investigation, prioritize investigations, or enlist the assistance of another department to assist with an investigation under the direction, control, and supervision of the Law Department investigations unit. The investigations unit will also provide legal advice to the company as to whether there is credible evidence of misconduct and advise the company on its disclosure obligations.

[1] Code of Ethics and Business Conduct (Document)

Accessed 18/06/2019

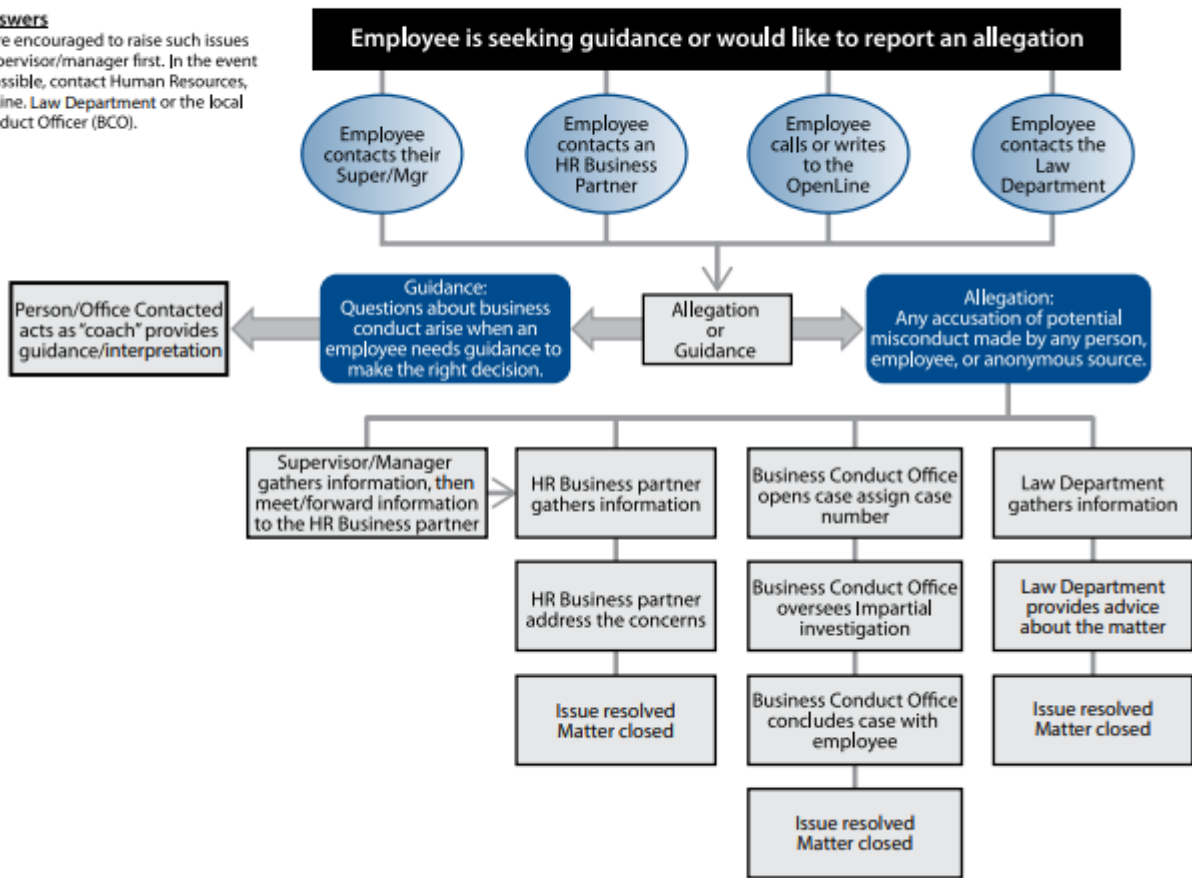
https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf

[p.10]

HOW TO REPORT POTENTIAL VIOLATIONS

Getting Answers

Employees are encouraged to raise such issues with their supervisor/manager first. In the event that is not possible, contact Human Resources, or the OpenLine, Law Department or the local Business Conduct Officer (BCO).



Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
1
Comments
<p>The company publishes a statement that it has not received any corruption-related internal reports or whistleblowing reports in the last 12 months and has not initiated any corruption-related investigations.</p> <p>However, the company’s statement is not dated and it is unclear whether it updates this information annually.</p>
Evidence
<p>[21] Internal Controls Page (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/internal-controls/ We believe that sharing information and data about whistleblower reports and corresponding investigations and disciplinary action can encourage employees and others to report misconduct. As such, on a regular basis, we aggregate whistleblower data and statistics on employee discipline and include such information in our Ethically Speaking newsletter, which is circulated internally. The data includes the number of reports received through whistleblower channels, the category of the report (Inquires, HR Issues, Allegations), and additional information regarding the subjects of the reports and disciplinary action taken.</p> <p>We have few bribery and corruption-related whistleblower reports and even fewer investigations. As such, we do not typically segregate this data. Over the past 12 months, we have not had any reports or investigations related to allegations of corruption or bribery.</p>

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
2
Comments
<p>There is evidence that the company provides a training module that outlines the basic principles of its anti-bribery and corruption policy, including the company's whistleblowing and reporting options. This training is mandatory for all employees and must be completed annually. The company also states that training is provided in all appropriate languages.</p>
Evidence
<p>[22] Support to Employees (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/support-to-employees/ HII provides annual Code of Ethics training to all employees across all Divisions and subsidiaries. The Code of Ethics training covers a wide array of topics, including expectations with respect to bribery and corruption and information regarding employee obligations to report known or suspected misconduct (and the methods for doing so). This training must be completed each year by all employees. It is currently offered in English and Spanish, which covers the language needs of all current HII employees.</p> <p>We also provide specific risk-based anti-corruption training to ensure that the anti-corruption policies are effectively communicated, understood, and followed by those employees, directors and officers most likely to face corruption-related issues. Each year, the Anti-Corruption Core Element Work Plan identifies training objectives for the year and identifies those categories of employees who receive training. At-risk employees receive targeted anti-corruption training at least annually. The aim of risk-based training is to reduce the opportunity for employees to commit misconduct or fall prey to blind spots.</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ To ensure that these policies and procedures are widely understood and followed, we have established a formal training program that includes several courses related to anti-corruption compliance. Our training program is designed to ensure that employees in sensitive positions receive targeted training to meet the risks inherent in their duties.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.6] As a Huntington Ingalls Industries employee, you are expected to: Complete all mandatory ethics and compliance training requirements in a timely manner.</p> <p>Every supervisor/manager is expected to: Ensure employees who report to them directly or indirectly complete all ethics and compliance training requirements in a timely manner.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.6] Providing effective training</p> <p>Training is one of the most effective ways to prevent misconduct from occurring and to remediate misconduct when it is discovered. Employees must receive training on all matters necessary to the performance of their current jobs, as well as training when they change jobs or responsibilities. Work Plans will identify "at risk" departments and organizations and provide for targeted training of employees within those departments and organizations on the</p>

Core Elements impacting their day-to-day responsibilities. In addition to providing training to employees identified in “at risk” departments and organizations, Accountable VPs and Core Element Managers will also, where appropriate, identify and provide training to those departments and organizations in a position to detect and respond to misconduct.

[p.10] All Corporate Vice Presidents will complete annual certifications related to HII’s ethical and compliance obligations via an online survey and certification. As part of the process, each Corporate Vice President will execute appropriate compliance certifications, including the Certification Regarding Responsibility Matters. This certificate helps ensure that HII meets its reporting obligations under the Federal Awardee Performance and Integrity Information System (FAPIS) program. This FAPIS certification process helps ensure that HII submits compliant contract proposals to the U.S. Government.

Question
<p>3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:</p> <ul style="list-style-type: none"> a) Employees in high risk positions, b) Middle management, c) Board members.
Score
2
Comments
<p>Evidence suggests that the company tailors its anti-bribery and corruption training programme to the different levels of risk facing employees in different roles, with specific reference to the categories of employee referred to in the question. There is evidence that employees working in high risk positions, including those in sales and government relations are required to refresh their training in this area on at least an annual basis.</p>
Evidence
<p>[22] Support to Employees (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/support-to-employees/ We develop Compliance Work Plans to identify “at risk” employees and managers who are exposed to greater risks of corruption or are better positioned to identify and prevent corruption.</p> <p>Once identified, HII provides these employees and managers with targeted training based on the type of risk presented. For example, employees and managers working with third-party representatives will receive training on our due diligence and monitoring procedures; employees engaged in lobbying will receive targeted training on lobbying risks. This training is provided at least annually and often more frequently. Under our current program, among other groups, all employees involved in sales or business development and all managers (other than those involved strictly in internal shipbuilding activity) are identified as “at risk” and are required to complete tailored training.</p> <p>Board Members receive regular updates and training from the Chief Compliance Officer on the anti-corruption issues most relevant to their role and responsibilities. This includes briefings and trainings from the Chief Compliance Officer and regular communications from the Chief Legal Officer on legal developments and issues.</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ To ensure that these policies and procedures are widely understood and followed, we have established a formal training program that includes several courses related to anti-corruption compliance. Our training program is designed to ensure that employees in sensitive positions receive targeted training to meet the risks inherent in their duties.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.2] A strong leadership training and development program—that properly tests a leader’s assumptions, stretches a leader’s employees, properly paces work, and creates an environment where employees can act with courage, speak up, and seek innovation—will reduce the pressures and risks to commit misconduct.</p> <p>[p.6] Providing effective training</p> <p>Training is one of the most effective ways to prevent misconduct from occurring and to remediate misconduct when it is discovered. Employees must receive training on all matters necessary to the performance of their current jobs, as well as training when they change jobs or responsibilities. Work Plans will identify “at risk” departments and organizations and provide for targeted training of employees within those departments and organizations on the Core Elements impacting their day-to-day responsibilities. In addition to providing training to employees identified in “at risk” departments and organizations, Accountable VPs and Core Element Managers will also, where</p>

appropriate, identify and provide training to those departments and organizations in a position to detect and respond to misconduct.

[p.10] All Corporate Vice Presidents will complete annual certifications related to HII's ethical and compliance obligations via an online survey and certification. As part of the process, each Corporate Vice President will execute appropriate compliance certifications, including the Certification Regarding Responsibility Matters. This certificate helps ensure that HII meets its reporting obligations under the Federal Awardee Performance and Integrity Information System (FAPIS) program. This FAPIS certification process helps ensure that HII submits compliant contract proposals to the U.S. Government.

[10] Notice of Annual Meeting and Proxy Statement (Document)

Accessed 18/06/2019

<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDE3NDIwfENoaWxkSUQ9LTF8VHlwZT0z&t=1&cb=636885132580017975>

[p.25] In addition to encouraging director attendance at external programs, the Board periodically provides training on select topics to its members at Board meetings.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
1
Comments
<p>The company states that it regularly reviews and measures the effectiveness of its anti-corruption training and communications programme, in line with any regulatory changes, industry best practice and any identified trends. The company states that it also employs external parties to assess its training programme.</p> <p>However, there is no evidence that the company uses KPIs, scenario tests or employee surveys or other clearly stated means to measure the effectiveness of its training. It is also unclear whether reviews are used to modify specific parts of the training programme or how frequently the company reviews its training programme.</p>
Evidence
<p>[22] Support to Employees (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/support-to-employees/ HII's Compliance Office is responsible for regularly reviewing and measuring the effectiveness of the overall Compliance Program. As part of the review, the Compliance Office updates the anti-corruption training program and improves anti-corruption communications to address emerging issues or identified gaps, changes in laws, and developments in the global environment.</p> <p>As appropriate, we also retain external parties to conduct assessments of our training efforts related to various aspects of our Compliance Program. The next assessment of our anti-corruption training is scheduled for 2019.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.10] HII Corporate has a Compliance Program Manager, reporting to the CCO. In addition to responsibilities outside of this Plan, under this Plan, the HII Compliance Program Manager will be responsible for the following:</p> <ul style="list-style-type: none"> • Assisting the Accountable VPs and Core Element Managers with implementing, managing, and tracking the progress of this HII Corporate Plan and the compliance activities set forth in the plan; • Tracking the significant messages used to promote a tone of compliance at the top and throughout the Company; • Assisting the Accountable VP with creating accessible, understandable, clear, and simple policies and procedures; • Reviewing the compliance training needed by HII's employees and maintaining an integrated master training schedule that will track the compliance training of Corporate employees; <p>[p.18] Future initiatives</p> <p>[...]</p> <p>A Training Effectiveness Review will be started to review operations and recommend improvement and best practices.</p>

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
2
Comments
<p>There is evidence that the company's incentive schemes incorporate ethical and anti-bribery and corruption principles. According to publicly available information, with the exception of certain hourly employees, all employees have Annual Performance Agreements which have a compliance element included as a component of their financial remuneration. This agreement involves an evaluation of whether or not employees' actions are in line with company values. The company also states that it accounts for incentives as a corruption risk for those in high risk positions such as sales by not including incentives linked directly to sales generated.</p>
Evidence
<p>[22] Support to Employees (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/support-to-employees/ "Creating Incentives and Enforcing Discipline" is a Core Principle of HII's Compliance Program. We firmly believe in creating incentives that encourage participation in the Compliance Program and limit opportunities for rationalization of misconduct. HII has implemented several compensation-related measures to incentivize ethical behavior.</p> <ul style="list-style-type: none"> – Aside from certain hourly employees, all employees have Annual Performance Agreements, which contain "compliance" metrics as a component of their performance evaluation and compensation. – We recognize the need to avoid compensation schemes that create financial incentives that may tempt employees to resort to bribery and corruption. As such, we avoid compensation schemes whereby employees receive a commission or bonus tied directly to sales that they generate. – Compliance also serves as a significant factor in the Annual Incentive Plan, which applies to all executives. A compliance failure would impair incentive compensation for responsible executives. <p>In an effort to encourage ethical behavior, we have also developed a corporate procedure, "On-The-Spot Ethics Recognition Program," to recognize employees who show ownership of HII values and whose ethical behavior and actions demonstrate HII values in their everyday activities. The On-The-Spot Ethics Recognition Program creates two levels of awards. The Level 1 Award is given to those nominated employees who demonstrated our values in an "extraordinary" behavior in their everyday work activities. The Level 2 Award is given to those nominated employees who demonstrated our values in a "noteworthy" behavior in their everyday work activities. The Level 2 Award is given to those employees who take extra steps to exemplify and promote ethical conduct for the benefit of the workplace in some significant way.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.8] Creating Incentives and Enforcing Discipline</p> <p>Effective compliance programs reward compliance and ethical behavior and discourage misconduct through proper incentives and disciplinary measures. Enforcement agencies will determine if an organization's compliance and ethics program is promoted and enforced consistently throughout the organization through (i) appropriate incentives to perform in accordance with the compliance and ethics program; and (ii) appropriate disciplinary measures for engaging in misconduct or for failing to take reasonable steps to prevent or detect misconduct. Employees are more likely to report future misconduct and a company can mitigate its compliance risks if reported misconduct is properly investigated and remediated and the wrongdoers are punished. To ensure HII meets this Core Principle, compliance will continue to be included in each leader's annual performance agreement. Further, compliance will be identified as a performance measurement in each division's Annual Incentive Plan ("AIP").</p> <p>[p.14] All employees with Annual Performance Agreements, particularly those in leadership roles, will continue to have compliance included as a component of their Annual Performance Agreements. The metrics by which compliance is evaluated should vary depending on the nature of the employee's role and responsibilities. The HII Performance and Development Agreement Form incorporates compliance into Section II, in which all employees are evaluated on whether or not their actions support specific aspects of the Company Values. These include:</p>

continually reinforcing compliance in training, decisions and actions, modeling the way for others to act with integrity; and, creating the right environment for accountability and compliance.

All employees should be involved in discussions with their leaders on how their job responsibilities support the company values and how their behaviors exhibit an understanding of ethics and compliance.

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
2
Comments
<p>There is evidence that any employee who refuses to act unethically, in keeping with the company's ethical and anti-bribery and corruption values and policy, will be protected and supported even where such actions result in a loss of business or another disadvantage to the company. The company states that it assures itself of its employees' confidence in this commitment through surveys on the company's whistleblowing and reporting channels.</p>
Evidence
<p>[22] Support to Employees (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/support-to-employees/ HII will only engage in business that reflects behavior consistent with the Company's Code of Ethics and Business Conduct. HII is committed to protecting and supporting all employees who refuse to act unethically even where such actions result in a loss of business or other disadvantage. We have developed a Core Element related to Retaliation (Whistleblower Protection) designed specifically with this goal in mind. This commitment is central to HII's value culture, and the Compliance Office and company leadership act to assure that it is lived by employees at all levels every day.</p> <p>We seek to ensure that employees understand how to report misconduct (including retaliation) and are comfortable doing so. To that end, we regularly utilize "Ethics Surveys" to obtain feedback on various aspects of the Compliance Program, including employee confidence in the OpenLine system and protections afforded to whistleblowers and other employees who take a stand against unethical business practices.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.6] Every supervisor/manager is expected to:</p> <ul style="list-style-type: none"> • Never encourage or direct employees to achieve business results at the expense of ethical conduct or compliance with the Code of Ethics or law. <p>[p.28] "There's no level of performance that can outperform an ethics or compliance failure."</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.2] "We are responsible to our employees, customers, shareholders, suppliers and communities to perform with integrity in a climate of complex compliance obligations. There is no level of performance that can outperform an ethics or compliance failure." – Mike Petters President and Chief Executive Officer Huntington Ingalls Industries, Inc.</p>

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
2
Comments
<p>In its Code of Ethics and Business Conduct, the company promotes a policy of non-retaliation against both whistleblowers and employees who report bribery and corruption incidents. This applies to all employees, including those employed by third parties, suppliers and joint venture partners. The Supplier Code of Conduct further requires suppliers to take action to prevent, detect and correct any retaliatory actions. The company assures itself of employees' confidence in this commitment through surveys and focus groups.</p>
Evidence
<p>[22] Support to Employees (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/support-to-employees/ We seek to ensure that employees understand how to report misconduct (including retaliation) and are comfortable doing so. To that end, we regularly utilize "Ethics Surveys" to obtain feedback on various aspects of the Compliance Program, including employee confidence in the OpenLine system and protections afforded to whistleblowers and other employees who take a stand against unethical business practices.</p> <p>[...]</p> <p>HII is committed to a work environment that encourages employees to raise concerns, speak up and report suspected misconduct without fear of retaliation. We do not tolerate retaliation of any kind, including for employees who refuse to engage in unethical conduct. We have developed policies, procedures, and Core Element Work Plans at the Corporate and Division levels to address retaliation. The <i>Corporate Policy on Retaliation and Coercion</i>, for example, states this position very clearly:</p> <p><i>HII strictly prohibits any form of retaliation against any employee who in good faith voices a concern, makes a complaint, reports misconduct, reports an illegal act or violation of company policies/procedures, or provides assistance in an investigation. The company similarly prohibits any form of coercion or other attempt to discourage or interfere with an employee making a good faith complaint, report of misconduct or illegal act, or assisting in the conduct of an investigation. Violators will be subject to disciplinary action, up to and including termination.</i></p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf</p> <p>[p.4] The Code applies to officers, directors and employees regardless of position or level of responsibility. It also applies to non-employees who act on the company's behalf in any capacity. All of us are responsible for the integrity and consequences of our actions.</p> <p>[p.6] Every supervisor/manager is expected to: encourage open and honest dialogue without retaliation.</p> <p>[p.8] HII will not tolerate direct or indirect retaliation against anyone who makes a good faith report of a violation of the Code of Ethics and Business Conduct or suspected misconduct or otherwise assists with an audit or investigation.</p> <p>[p.11] HII prohibits any form of retaliation, coercion or other attempt to discourage or interfere with an employee making a good faith report of misconduct or illegal act or assisting in the conduct of an investigation. If you feel that you were retaliated against, please talk to your supervisor or manager, Human Resources, your BCO or the Law Department or call the OpenLine.</p> <p>Violators will be subject to disciplinary action, up to and including termination. HII and its employees are expected and required to comply with all federal and state "whistleblower protection" laws and regulations including the federal Whistleblower Protection Act (WPA). The WPA prohibits employers from retaliating against employees who make good faith reports, internally or externally, of suspected misconduct. Retaliation against those employees could, in some cases, be illegal and subject the individual engaging in retaliation to criminal prosecution.</p>

[p.12] In conjunction with Department of Defense (DoD) contracts, 10 U.S.C. § 2409 prohibits contractors from discharging, demoting or otherwise discriminating against an employee as a reprisal for disclosing, to any of the following entities, information that the employee reasonably believes is evidence of gross mismanagement of a DoD contract, a gross waste of DoD funds, a substantial and specific danger to public health or safety or a violation of law related to a DoD contract (including the competition for or negotiation of a contract):

- A member of Congress.
- A representative of a committee of Congress.
- An Inspector General that receives funding from or has oversight over contracts awarded for or on behalf of DoD.
- The Government Accountability Office.
- A DoD employee responsible for contract oversight or management.
- An authorized official of an agency or the Department of Justice.

Any employee who believes that he or she has been discharged, demoted or otherwise discriminated against contrary to the prohibition set forth above may file a complaint with the DoD Inspector General.

[13] Corporate Annual Compliance Plan 2019 (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf

[p.1] A strong Compliance and Ethics tone at all levels at HII helps ensure that employees are comfortable in reporting misconduct without fear of retaliation by co-workers or managers.

[p.6] HII strictly prohibits retaliation of any kind against any employee who in good faith reports potential misconduct or cooperates in an investigation. Retaliation against anyone who reports potential misconduct or cooperates with an internal investigation may result in disciplinary action up to and including termination of employment.

Work Plans will, where appropriate, also provide for surveys and focus groups to regularly test employees' comfort in reporting misconduct and to determine if employees understand how to report misconduct.

[3] Supplier Code of Conduct (Document)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/wp-content/uploads/2016/07/ethicsba.pdf>

[p.1] X. Ethics Program Expectations

- Whistle blower Protection

We expect our suppliers to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. We expect our suppliers to take action to prevent, detect, and correct any retaliatory actions.

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
2
Comments
<p>The company has multiple channels to report instances of suspected corrupt activity and seek advice on the company's anti-bribery and corruption programme. These channels, which include an externally operated hotline, are sufficiently varied to allow employees to raise concerns across the management chain and to relevant external bodies. These channels allow for confidential and anonymous reporting, and are available in multiple languages. The company states that all its reporting and whistleblowing options are available to all third parties, including suppliers and joint venture partners.</p>
Evidence
<p>[22] Support to Employees (Webpage) Accessed 20/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/support-to-employees/ HII is dedicated to fostering a strong “speak up” culture. We have therefore established several channels for reporting misconduct or seeking guidance.</p> <p>Available channels for guidance and reporting include:</p> <ul style="list-style-type: none"> – A manager or any other person in the supervisory chain – Compliance Core Element Managers – Accountable Vice Presidents – Human Resources – Business Conduct Officers – The Law Department – The OpenLine <p>HII utilizes a toll-free OpenLine hosted by an independent third party provider to ensure that all reports received can be treated in confidence. When reporting potential misconduct or asking ethics-related questions, OpenLine callers may identify themselves openly, remain completely anonymous, or request confidentiality. OpenLine currently supports English and Spanish languages, covering the language needs of all HII employees.</p> <p>The channels mentioned above are available to all directors, officers, and employees, as well as external parties such as suppliers and joint venture partners.</p> <p>[6] Reporting Security and Confidentiality (Webpage) Accessed 18/06/2019 https://secure.ethicspoint.com/domain/media/en/gui/47460/faq.html Reporting Security & Confidentiality</p> <p>It is my understanding that any report I send from a company computer generates a server log that shows every web-site that my PC connects with, and won't this log identify me as a report originator? EthicsPoint <u>does not generate or maintain</u> any internal connection logs with IP addresses, so no information linking your PC to EthicsPoint is available. In fact, EthicsPoint is contractually committed not to pursue a reporter's identity.</p> <p>If you feel uncomfortable making a report on your work PC, you have the option of using a PC outside our work environment (such as one located at an Internet café, at a friend's house, etc.) through the EthicsPoint secure website. Many people choose this option, as EthicsPoint's data shows that fewer than 12% of reports are generated during business hours.</p> <p>Can I file a report from home and still remain anonymous? A report from home, a neighbor's computer, or any Internet portal will remain secure and anonymous. An Internet portal never identifies a visitor by screen name and the EthicsPoint system strips away Internet addresses so that anonymity is totally maintained. Plus, EthicsPoint is contractually committed not to pursue a reporter's identity.</p>

I am concerned that the information I provide EthicsPoint will ultimately reveal my identity. How can you assure me that will not happen?

The EthicsPoint system is designed to protect your anonymity. However, if you wish to remain anonymous, you - as a reporting party - need to ensure that the body of the report does not reveal your identity by accident. For example, "From my cube next to Jan Smith..." or "In my 33 years..."

Is the telephone toll-free hot line confidential and anonymous too?

Yes. You will be asked to provide the same information that you would provide in an Internet-based report and an interviewer will type your responses into the EthicsPoint Web site. These reports have the same security and confidentiality measures applied to them during delivery.

What if I want to be identified with my report?

There is a section in the report for identifying yourself, if you wish.

Reminder: You are accessing a system outside of the Huntington Ingalls Industries Network.

This network is not managed or monitored by Huntington Ingalls Industries and is not approved to process information considered Unclassified Naval Nuclear Propulsion Information (U-NNPI), Huntington Ingalls Proprietary Level I or Level II (HII PI or HII PII), or Classified Information. Do not enter any information that is considered U-NNPI, HII PI or PII, or Classified. If you believe that type of information is critical information in order for HII to begin its investigation, please contact the Corporate Ethics Office at (757) 688-3876.

[7] Tips and Best Practices (Webpage)

Accessed 18/06/2019

<https://secure.ethicspoint.com/domain/media/en/gui/47460/faq.html>

Tips & Best Practices

I am aware of some individuals involved with unethical conduct, but it doesn't affect me. Why should I bother reporting it?

Our company chooses to promote ethical behavior. All unethical conduct, at any level, ultimately hurts the company and all employees, including you. You only have to consider what happened in recent corporate scandals to see the disastrous effects that a seemingly harmless lapse in ethics can have on an otherwise healthy company. So if you know of any incidents of misconduct or ethical violations, consider it your duty to yourself and your coworkers to report it.

I am not sure if what I have observed or heard is a violation of company policy, or involves unethical conduct, but it just does not look right to me. What should I do?

File a report. EthicsPoint can help you prepare and file your report so it can be properly understood. We'd rather you report a situation that turns out to be harmless than let possible unethical behavior go unchecked because you weren't sure.

What if my boss or other managers are involved in a violation? Won't they get the report and start a cover-up?

The EthicsPoint system and report distribution are designed so that implicated parties are not notified or granted access to reports in which they have been named.

What if I remember something important about the incident after I file the report? Or what if the company has further questions for me concerning my report?

When you file a report at the EthicsPoint Web site or through the EthicsPoint Call Center, you receive a unique user name and are asked to choose a password. You can return to the EthicsPoint system again either by Internet or telephone and access the original report to add more detail or answer questions posed by a company representative and add further information that will help resolve open issues. We strongly suggest that you return to the site in the time specified to answer company questions. You and the company now have entered into an "anonymous dialogue," where situations are not only identified, but can also be resolved, no matter how complex.

Are these follow-ups on reports as secure as the first one?

All EthicsPoint correspondences are held in the same strict confidence as the initial report, continuing under the umbrella of anonymity.

Can I still file a report if I don't have access to the Internet?

You can file an EthicsPoint report from any computer that can access the Internet. You can file from home. Many public locations, including the public library, have Internet computers. If you don't have access to or are

uncomfortable using a computer, you can call the EthicsPoint toll-free hotline, which is available 24 hours a day, 365 days a year.

[13] Corporate Annual Compliance Plan 2019 (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf

[p.6] Promoting the reporting of misconduct

Healthy cultures value employees who raise issues of non-compliance or unethical behavior and protect them from retaliation. This fosters openness and early detection of possible ethics, compliance and contractual issues. Each employee must know how, and to whom, to report misconduct, and know that he or she will be protected from retaliation for making good-faith reports, even if the allegations turn out not to be substantiated. HII provides a number of ways for employees to report misconduct.

Employees are encouraged to report such conduct to:

- A manager or any other person in the supervisory chain,
- Core Element Managers, Accountable VP,
- Human Resources, Business Conduct Officers,
- The Law Department, or,
- The OpenLine.

HII utilizes the toll-free OpenLine, telephone number: 877-631-0020, for the purposes of reporting allegations of potential misconduct by its employees. OpenLine callers may identify themselves openly, remain anonymous, or request confidentiality. The OpenLine is hosted by an independent third party provider in order to ensure a confidential, anonymous and convenient way of reporting and is available 24 hours a day, seven days a week. Employees located outside of the U.S. may access the line using the appropriate international dialing code.

Employees may also use either the web reporting system, which may be accessed at: <https://hii-openline.alertline.com>; or by sending an email to: report_misconduct@hii-co.com. HII strictly prohibits retaliation of any kind against any employee who in good faith reports potential misconduct or cooperates in an investigation. Retaliation against anyone who reports potential misconduct or cooperates with an internal investigation may result in disciplinary action up to and including termination of employment.

Work Plans will, where appropriate, also provide for surveys and focus groups to regularly test employees' comfort in reporting misconduct and to determine if employees understand how to report misconduct.

[4] About EthicsPoint (webpage)

Accessed 18/06/2019

<https://secure.ethicspoint.com/domain/media/en/gui/47460/faq.html>

About EthicsPoint

What is EthicsPoint?

EthicsPoint is a comprehensive and confidential reporting tool created by NAVEX Global to assist management and employees work together in addressing fraud, abuse, and other misconduct in the workplace, all while cultivating a positive work environment.

Why do we need a system like EthicsPoint?

We believe that our employees are our most important asset. By creating open channels of communication, we can promote a positive work environment and maximize productivity.

Publicly traded companies are required by law to have an anonymous reporting vehicle to address accounting and auditing fraud directly to the audit committee.

An effective reporting system will augment our other efforts to foster a culture of integrity and ethical decision-making.

[1] Code of Ethics and Business Conduct (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf

[p.4] The Code applies to officers, directors and employees regardless of position or level of responsibility. It also applies to non-employees who act on the company's behalf in any capacity. All of us are responsible for the integrity and consequences of our actions.

Remember, when confronted with ethical uncertainty, you should seek advice from your supervisor, manager or Human Resources to ensure all actions you take on behalf of the company honor this commitment.

[p.6] Every supervisor/manager is expected to:

- Act with integrity and serve as an ethical model for others.
- Promote and support ethical behavior and business practices that comply with this Code.
- Ensure employees who report to them directly or indirectly understand where and how to report misconduct or violations of this Code.
- Ensure employees who report to them directly or indirectly complete all ethics and compliance training requirements in a timely manner.
- Never encourage or direct employees to achieve business results at the expense of ethical conduct or compliance with the Code of Ethics or law.
- Maintain an "open door" policy with regard to employee questions about business conduct, ethics and compliance.
- Encourage employees to challenge and report questionable conduct.
- Encourage open and honest dialogue without retaliation.

[p.8] Our commitment to you requires that we take all reports of suspected misconduct seriously, investigate them fairly and confidentially and take appropriate corrective action where warranted.

[...]

Speak Up! If you suspect that someone is behaving illegally or unethically, please speak up right away. If you also have concerns about your own behavior, speak up about that as well. Admitting mistakes and taking action is the responsible thing to do.

Reporting: You are encouraged to raise questions, concerns and issues with your supervisor or manager first. In the event that is not possible, contact the local Business Conduct Officer, Law Department, Human Resources or the OpenLine at 1-877-631-0020. The company will treat your reports as confidentially as practical, except where disclosure is required to investigate a report or by applicable law or legal process.

Reporting Anonymously: You may make an anonymous good faith report if you desire. While making an anonymous report is allowable, please note that failure to provide all the information you have knowledge of may prevent the company from conducting as thorough an investigation as possible

[p.9] Huntington Ingalls Industries OpenLine: 877-631-0020 The toll-free number is answered 24 hours a day, 7 days a week, by an independent third party. OpenLine callers may identify themselves openly, remain anonymous or request confidentiality. Retaliation against any individual who in good faith reports a concern will not be tolerated.

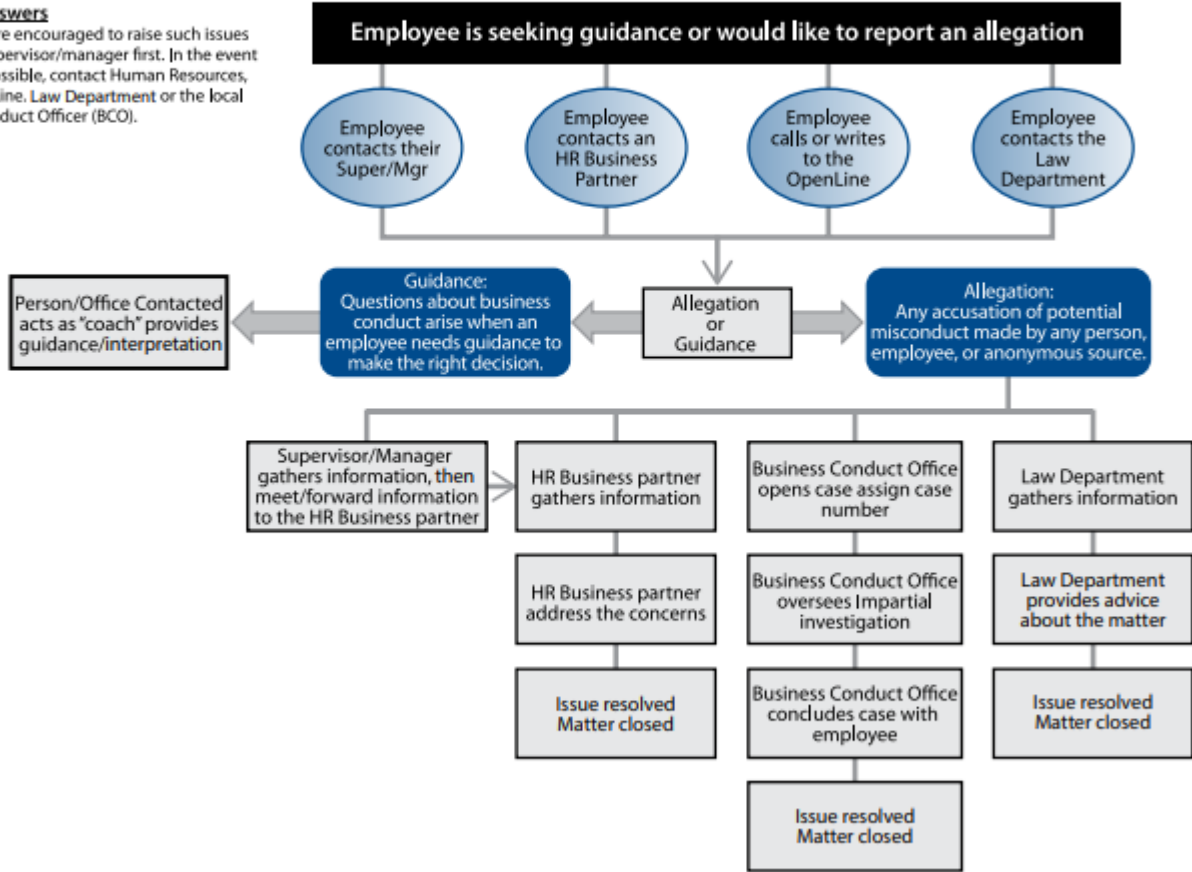
Web reporting is also available at <https://hii-openline.alertline.com/gcs/welcome>. Emails may also be sent to reportmisconduct@hii-co.com. While the OpenLine is one alternative for reporting misconduct, any employee with a concern about misconduct such as fraud, waste and abuse can write directly to the Audit Committee

[p.10]

HOW TO REPORT POTENTIAL VIOLATIONS

Getting Answers

Employees are encouraged to raise such issues with their supervisor/manager first. In the event that is not possible, contact Human Resources, or the OpenLine, Law Department or the local Business Conduct Officer (BCO).



[8] OpenLine and Contact Information (Webpage)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/openline-and-contact-information/>

Huntington Ingalls Industries offers an anonymous and confidential means to voice concerns or report a suspected violation of our Code of Ethics and Business Conduct without fear of retaliation or coercion. The OpenLine (1-877-631-0020) is available 24 hours a day, seven days a week, and is administered by an external supplier.

Individuals who witness or suspect that anyone is acting against our Code of Ethics and Business Conduct should raise the concern immediately with their management, Human Resources, Business Conduct Officer (BCO) or the OpenLine.

For additional information on the ethics program, including ethics and business conduct policies and procedures, training, publications and other materials, contact information for site Business Conduct Officers, or to raise an ethics or compliance question or concern, contact one of the ethics offices.

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
2
Comments
<p>The company has a policy on conflicts of interest which refers to actual, potential and perceived conflicts. This policy is set out in the Code of Ethics and Business Conduct which applies to all employees and directors as well as non-employees who act on the company’s behalf in any capacity. The policy explicitly covers employee relationships, government relationships, financial interests and other employment.</p>
Evidence
<p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.4] The Code applies to officers, directors and employees regardless of position or level of responsibility. It also applies to non-employees who act on the company’s behalf in any capacity. All of us are responsible for the integrity and consequences of our actions.</p> <p>[p.15] Personal Relationships</p> <p>Huntington Ingalls Industries permits the employment of individuals in the same family or those who have a personal relationship. However, employment within the chain of command normally is prohibited for individuals of the same family or for those who have a personal relationship. To avoid a conflict of interest or an appearance of a conflict of interest, no employee may initiate or participate in, directly or indirectly, employment-related decisions, e.g., hiring, promotion, demotion, supervision, determination of salary, performance appraisals, termination, work assignments or other working conditions involving family members, or members of the same household, including domestic partners or persons with whom an employee has a romantic/intimate relationship. It is the responsibility of both the employee and the manager to disclose to management or to Human Resources potential or actual conflicts that might arise.</p> <p>[p.16] Avoiding Conflicts of Interest</p> <p>Each member of the Huntington Ingalls Industries’ Board of Directors and each officer and employee occupies a position of trust and is responsible for complying with the Code of Ethics and Business Conduct and the Conflict of Interest Corporate Procedure. We must be particularly sensitive to any situation on or off the job that could erode that trust or cause others to doubt our fairness or question the good faith of our acts and decisions.</p> <p>[p.17] Potential conflicts can involve customers, suppliers, current or prospective employees, stockholders or members of the communities in which we live and work.</p> <p>Avoiding the appearance of a conflict can be as important as avoiding an actual conflict because others tend to judge a situation by what they think it is. If you have any questions in this area, ask for help and guidance.</p> <p>Financial Interests: Situations in which personal or financial interests involving you or your immediate family conflict with the interests of Huntington Ingalls Industries must be carefully avoided. If you or any member of your family has a substantial financial interest in any firm that is supplying goods or services to Huntington Ingalls Industries or that is bidding on or proposes to do work for Huntington Ingalls Industries, you must promptly advise your supervisor and disclose in writing the nature of your interest on the Conflict of Interest (C-196) form. A substantial interest is defined on the form and in the Conflict of Interest corporate procedure. If you are an executive officer or director and you are or may be involved in a transaction covered by the Huntington Ingalls Industries Policy and Procedure regarding transactions with related persons, you must promptly advise the Offices of the General Counsel.</p>

The relevant business Conduct Officer, in consultation with the Law Department and management, as necessary, will consider and resolve any conflict of interest questions concerning employees. The Governance Committee will consider and resolve any conflict of interest issues concerning employees. The Governance and Policy committee of the Board of Directors will consider and resolve any related party transaction issues concerning executive officers or directors.

[p.21] 4.3 Outside Employment and Business Ventures

Secondary employment, outside business ventures or other commercial or financial activities of HII employees must not interfere with their job performance. Do not use HII or government equipment or resources (including confidential information or intellectual property) in connection with outside activities and ensure such outside activities do not reduce your productivity or otherwise interfere with your responsibilities to HII. Never engage in any outside employment or other activity that competes with HII, violates your confidentiality or other obligations to HII or that is illegal, immoral or would otherwise reflect negatively on HII.

[p.25] HII employees and members of their immediate families may not solicit or accept gifts, payment or gratuities from our suppliers. (Promotional items of nominal value may be accepted.) See HII's Business Courtesies corporate procedure. Any substantial financial interest in a Huntington Ingalls Industries supplier or someone seeking to become a supplier must be reported to the company. Huntington Ingalls Industries policies in this area go beyond the law prohibiting kickbacks. We must avoid even the appearance of improper conduct in all our business dealings. Exceptions to the Code of Ethics and Business Conduct are not allowed unless specifically provided for in the company's written policies or procedures.

Consultant: Before serving as a consultant to, or a director, trustee, officer or employee of a company, organization or government agency that competes, deals with or is a supplier to Huntington Ingalls Industries or that is involved in national defense work, you must contact Human Resources and obtain management's written approval.

If you are recommending or approving the recommendation of a particular supplier or taking any similar action and you know that a member of your family or that of another Huntington Ingalls Industries employee is employed by or controls a substantial interest in that supplier, you shall disclose this fact in writing to the head of the organization in your business unit as soon as you learn of it. Close personal relationships that are not familial but that could lead to questions about the objectivity of your judgment should also be disclosed.

[p.25] Revolving Door

Huntington Ingalls Industries adheres to the federal, state and international conflict-of-interest laws regarding the recruitment and employment of current and former government employees. You must refrain from discussing possible employment with any current government employee or high-ranking military officer, or member of the external auditor. Refer employment inquiries to the HII Careers website or human resources where potential applicants can receive employment information and apply for employment through appropriate channels and controls.

[2] Anti-Corruption Program (Webpage)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/>

Beyond the actions of the Board and Senior Executives, we have developed a series of policies and procedures to serve as the framework for the anti-corruption compliance program, including: (i) a comprehensive anti-corruption policy; (ii) a policy for the giving and receipt of gifts to ensure that such transactions are not subterfuge for bribery; (iii) a policy on hospitality; and (iv) a policy on potential conflicts of interest.

[23] Conflicts of Interest (Webpage)

Accessed 21/05/2020

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/conflicts-of-interest/>

HII requires every employee to avoid any situation that would result in, or give the appearance of, a conflict between any personal interests and the interests of HII and its customers. We do not intend to unnecessarily restrict employees' ability to engage in outside businesses or other activities that do not conflict with or substantially impair the performance of their job responsibilities or other obligations to HII. We do, however, expect all employees to fulfill the duties and responsibilities of their jobs in a manner that does not result in (or create the perception of) their job performance being influenced by outside factors that cause them to put personal interests before those of HII and its customers.

Conflicts of interest are also prominently addressed in our Code of Ethics and Business Conduct, which applies to all officers, directors, and employees (as well as non-employees who work on HII's behalf). Recognizing the importance of this issue, we have made compliance with laws, rules, and regulations related to conflicts of interest a Core Element of our Compliance Program. Dedicated Work Plans at the Corporate and Division levels are developed on an annual basis to manage this risk, with responsible managers at all levels of HII.

We have also implemented a formal procedure, *Personal Conflicts of Interest*, that specifically addresses conflicts of interest and applies to all employees and board members. The *Personal Conflicts of Interest Procedure* addresses, among other things, conflicts involving: (i) other employment by HII personnel, including government employment; (ii) financial conflicts, including personal and familial interests in companies doing business with HII; (iii) business courtesies; and (iv) dealing with former HII employees.

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
2
Comments
<p>The company indicates that it has a governance committee that has oversight of conflicts of interest. It also suggests that any violations of the Code of Ethics and Business Conduct, containing its conflicts of interest policy, are subject to disciplinary measures, including potential termination of employment. There is evidence indicating that the company's Ethics and Business Conduct Office maintains all employee and board member conflicts of interest declarations in a central database. The company additionally provides examples of criteria for recusals.</p>
Evidence
<p>[23] Conflicts of Interest (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/conflicts-of-interest/ Conflicts of interest are also prominently addressed in our Code of Ethics and Business Conduct, which applies to all officers, directors, and employees (as well as non-employees who work on HII's behalf). Recognizing the importance of this issue, we have made compliance with laws, rules, and regulations related to conflicts of interest a Core Element of our Compliance Program. Dedicated Work Plans at the Corporate and Division levels are developed on an annual basis to manage this risk, with responsible managers at all levels of HII.</p> <p>We have also implemented a formal procedure, Personal Conflicts of Interest, that specifically addresses conflicts of interest and applies to all employees and board members. The Personal Conflicts of Interest Procedure addresses, among other things, conflicts involving:</p> <ul style="list-style-type: none"> (i) other employment by HII personnel, including government employment; (ii) financial conflicts, including personal and familial interests in companies doing business with HII; (iii) business courtesies; and (iv) dealing with former HII employees. <p>[...]</p> <p>Under the Personal Conflicts of Interest Procedure, employees are required to promptly disclose any relationship or activity that could result in or create the perception of a conflict of interest. Such disclosures are made in a specially-designed form and provided in the first instance to the individual's direct manager. Potential conflicts that require disclosure include, among other things:</p> <ul style="list-style-type: none"> (i) performance of outside work (whether compensated or not) for a present or prospective customer, supplier, or other business associate; (ii) any financial interest (held personally or by a family member) in a customer, supplier or business associate; (iii) establishment of a debtor/creditor relationship by the employee or his or her family member and a customer, supplier, or business associate; (iv) stock ownership in any entity with whom the company does business; and (v) investment or speculation, by the employee or any family member, in equipment, real estate, materials, or other property purchased or sold by the company or the purchase or sale of which is contemplated by the company. <p>After the manager has made an assessment of the potential conflict, he or she will document the assessment in the same disclosure form. The form will then be submitted to the appropriate Ethics and Business Conduct Office, which, in consultation with the Law Department, will make the final determination on the conflict of interest. All declarations are maintained by the Ethics and Business Conduct Office for a minimum period of six years.</p> <p>Failure to disclose a potential conflict can result in discipline up to and including termination.</p>
[1] Code of Ethics and Business Conduct (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf

[p.8] Consequences: If you violate the Code of Ethics and Business Conduct you are subject to disciplinary action, up to and including termination of employment. Violations may also result in civil or criminal penalties.

[p.17] Potential conflicts can involve customers, suppliers, current or prospective employees, stockholders or members of the communities in which we live and work.

Avoiding the appearance of a conflict can be as important as avoiding an actual conflict because others tend to judge a situation by what they think it is. If you have any questions in this area, ask for help and guidance.

[...]

Financial Interests: Situations in which personal or financial interests involving you or your immediate family conflict with the interests of Huntington Ingalls Industries must be carefully avoided. If you or any member of your family has a substantial financial interest in any firm that is supplying goods or services to Huntington Ingalls Industries or that is bidding on or proposes to do work for Huntington Ingalls Industries, you must promptly advise your supervisor and disclose in writing the nature of your interest on the Conflict of Interest (C-196) form. A substantial interest is defined on the form and in the Conflict of Interest corporate procedure. If you are an executive officer or director and you are or may be involved in a transaction covered by the Huntington Ingalls Industries Policy and Procedure regarding transactions with related persons, you must promptly advise the Offices of the General Counsel.

[...]

The relevant business Conduct Officer, in consultation with the Law Department and management, as necessary, will consider and resolve any conflict of interest questions concerning employees. The Governance Committee will consider and resolve any conflict of interest issues concerning employees. The Governance and Policy committee of the Board of Directors will consider and resolve any related party transaction issues concerning executive officers or directors.

[2] Anti-Corruption Program (Webpage)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/>

Beyond the actions of the Board and Senior Executives, we have developed a series of policies and procedures to serve as the framework for the anti-corruption compliance program, including: (i) a comprehensive anti-corruption policy; (ii) a policy for the giving and receipt of gifts to ensure that such transactions are not subterfuge for bribery; (iii) a policy on hospitality; and (iv) a policy on potential conflicts of interest.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
2
Comments
<p>There is evidence that the company has a policy that addresses the risks associated with the employment of US public officials. The company states that it will only hire former officials after one to two years of a cooling-off period. The company states that it requires permission from the legal department to initiate recruitment discussions with a background in the public sector. The company states that all potential public sector hires are screened to avoid scenarios which might appear to represent a conflict of interest. The above procedures relate to former US public officials, where the company does the vast majority of its business. The company states that in recruiting former officials of other jurisdictions it will apply measures consistent with anti-corruption policies and local legal and regulatory restrictions.</p>
Evidence
<p>[23] Conflicts of Interest (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/conflicts-of-interest/ As a U.S. federal government contractor, HII is subject to various U.S. laws governing the retention of current and former U.S. government employees.</p> <p>As such, HII has careful controls in place around the appointment of current or former public officials. A Core Element, "Revolving Door" has been established to assess and mitigate the risk. Several procedures govern and restrict the practice including Public Integrity Act Compliance and Employment of Current and Former U.S. Government Officials. Under company policy, we will not engage in any employment discussion with any current public official where such discussion would violate laws or give the appearance of the conflict. We closely follow U.S. laws that prevent us from compensating former U.S. government officials for a period of one year following their departure from the government if they served in significant procurement-related positions or otherwise made decisions related to HII. For certain U.S. Department of Defense employees, our restrictions extend to two years from when the individual left the Department of Defense.</p> <p>HII is likewise committed to observing the laws of all relevant jurisdictions concerning employment of former foreign public officials. Employment of former foreign public officials is also restricted by our Foreign Corrupt Practices and Anti-Bribery Procedure.</p> <p>Candidates for employment are required to complete various forms in order to allow HII to assess eligibility for employment. Under HII policy, if an applicant's forms suggest that employment might be restricted due to prior government employment, the candidate may not be hired until the Law Department provides a written opinion.</p> <p>[18] Company Response To Defence Companies Index (Webpage) Accessed 15/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/ The vast majority (over 90%) of HII's revenue derives from contracts with the U.S. Navy and Coast Guard.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.19] The Procurement Integrity Act also places restrictions on employment discussions with current and former federal officials with regard to future non-government employment. HII employees should avoid such discussions and refer any questions or requests to Human Resources.</p> <p>[p.25] Revolving Door</p> <p>Human Resources will consult with the Law Department to ascertain any applicable restrictions before engaging in employment discussions and before any offer for employment is extended to any Congressional employee or any employee of a local, state or international government entity.</p>

Further, Huntington Ingalls Industries does not provide employment or compensation or assign duties or responsibilities to any current or former U.S. government employee in circumstances that would violate these laws.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
1
Comments
<p>The company states that it has a policy to not contract serving US politicians. It also indicates that will only contract foreign serving politicians if there are no actual or perceived conflicts of interest. The company states that it does not currently contract any foreign or domestic serving politicians.</p> <p>However, it is not clear that the company updates this information on an annual basis.</p>
Evidence
<p>[23] Conflicts of Interest (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/conflicts-of-interest/ HII does not contract serving U.S. politicians. HII will only engage a foreign politician if his or her duties are entirely unrelated to HII business and will not create an actual or apparent conflict of interest with his or her responsibilities with HII. HII does not currently engage any foreign politicians.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.25] Further, Huntington Ingalls Industries does not provide employment or compensation or assign duties or responsibilities to any current or former U.S. government employee in circumstances that would violate these laws.</p>

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
0
Comments
<p>The company recognises political activities as a corruption risk and has a policy governing its activities in this area. However, the company permits certain political donations and has a Political Action Committee, and therefore receives a score of '0'.</p>
Evidence
<p>[24] Customer Engagement (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/customer-engagement/ HII is a participant in the U.S. political process when allowable by law. HII does not make corporate political contributions to candidates for federal office, as such contributions are prohibited by U.S. law. Under HII policy, any federal political activity undertaken on behalf of HII must be approved in advance by the Executive Vice President of Government and Customer Relations and all local (i.e., U.S. state and municipal) political activity must be approved by the Division President. HII recognizes the corruption risk associated with political contributions. Even where political contributions are allowable by law (such as in U.S. state or local elections), HII prohibits political contributions that are made to corruptly influence the recipient.</p> <p>HII does not donate to foreign (i.e., non-U.S.) political campaigns.</p> <p>[...]</p> <p>Although HII does not contribute to candidates seeking U.S. federal elected offices or to foreign political campaigns or to foreign candidates seeking elected offices, HII has an employee-run political action committee as allowable under U.S. law. Contributions made by HII's employee-run PAC can be found here: https://www.fec.gov/data/committee/C00325092/.</p> <p>Neither HII nor HII's employee-run PAC makes contributions to foreign political campaigns.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.23] Personal Political Activities: HII encourages individual participation by employees in the political process. This includes service on governmental bodies and participation in political activities. However, we follow corporate policy and the law concerning the political process in all countries where we do business, and such activities should not interfere with the employee's job responsibilities, or create a conflict of interest. It is important that officers and employees review the company's policy about Employee Political Contributions Activity. You should seek immediate advice from the Law Department or Ethics Office whenever you have a question concerning political activities.</p> <p>[...]</p> <p>Political Contributions: Huntington Ingalls Industries respects the right of employees to be involved in political activity, contributing their own time and resources. Such activity, however, must not take place on company time nor involve the company name. Laws governing contributions to local candidates vary from state to state, and country to country. Employees who meet certain federal law requirements may be able to participate in SHIPPAC, an employee Political Action Committee.</p>

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
2
Comments
The company publishes some information about its political donations and therefore receives a score of '2'.
Evidence
<p>[24] Customer Engagement (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/customer-engagement/ HII is a participant in the U.S. political process when allowable by law. HII does not make corporate political contributions to candidates for federal office, as such contributions are prohibited by U.S. law. Under HII policy, any federal political activity undertaken on behalf of HII must be approved in advance by the Executive Vice President of Government and Customer Relations and all local (i.e., U.S. state and municipal) political activity must be approved by the Division President.</p> <p>[...]</p> <p>Although HII does not contribute to candidates seeking U.S. federal elected offices or to foreign political campaigns or to foreign candidates seeking elected offices, HII has an employee-run political action committee as allowable under U.S. law. Contributions made by HII's employee-run PAC can be found here: https://www.fec.gov/data/committee/C00325092/.</p> <p>Neither HII nor HII's employee-run PAC makes contributions to foreign political campaigns.</p> <p>[25] HIIPAC Political Action Committee Spending Disclosures (Webpage) Accessed 21/05/2020 https://www.fec.gov/data/committee/C00325092/?tab=spending HUNTINGTON INGALLS INDUSTRIES, INC. EMPLOYEES POLITICAL ACTION COMMITTEE (HIIPAC) CORPORATION PAC - QUALIFIED ID: C00325092</p> <p>Total disbursements</p> <p>\$743,988.00</p> <p>spent in total disbursements by this committee from January 01, 2019 to April 30, 2020.</p> <p>[...]</p> <p>Disbursements</p> <p>[...]</p>

Coverage dates: 01/01/2019 to 04/30/2020

Export 

Recipient	Recipient state	Description	Date ▼	Amount
COOPER FOR CONGRESS	TN	DIRECT CONTRIBUTION	04/29/2020	\$ 1,000.0
WEXTON FOR CONGRESS	VA	DIRECT CONTRIBUTION	04/29/2020	\$ 1,000.0
COOPER FOR CONGRESS	TN	DIRECT CONTRIBUTION	03/31/2020	\$ 1,000.0
ALASKANS FOR DAN SULLIVAN	AK	DIRECT CONTRIBUTION	03/31/2020	\$ 1,000.0
ADAM SMITH FOR CONGRESS COMMITTEE	WA	DIRECT CONTRIBUTION	03/31/2020	\$2,500.0
AUSTIN SCOTT FOR CONGRESS INC	GA	DIRECT CONTRIBUTION	03/31/2020	\$ 1,000.0
HAWAII PAC	DC	DIRECT CONTRIBUTION	03/31/2020	\$5,000.0
DONALD NORCROSS FOR CONGRESS	NJ	DIRECT CONTRIBUTION	03/31/2020	\$ 1,000.0
DAN NEWHOUSE FOR CONGRESS	WA	DIRECT CONTRIBUTION	03/31/2020	\$ 1,000.0
DENALI LEADERSHIP PAC	AK	DIRECT CONTRIBUTION	03/31/2020	\$2,500.0

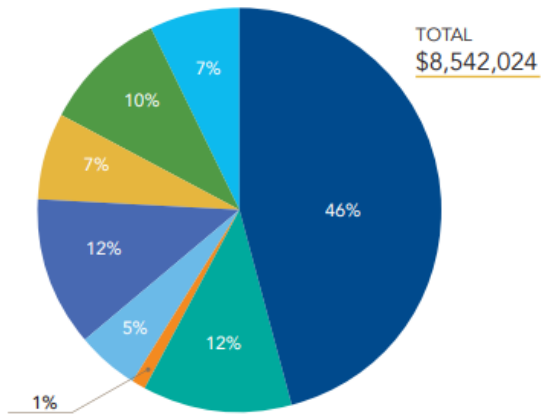
Results per page: 10 ▼

Showing 1 to 10 of 415 entries  

[Website lists a total of 415 donations]

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
0
Comments
<p>The company states that it has a policy regarding charitable donations, as referred to in its Code of Ethics and Business, to ensure that they are free from corruption. The company states that the recipients of its charitable donations undergo anti-corruption risk-based due diligence. The company discloses some information about the recipients of its charitable donations, but does not provide full details.</p> <p>However, the company receives a score of '0' because there is no evidence that it has a policy and/or procedure covering sponsorships.</p>
Evidence
<p>[24] Customer Engagement (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/customer-engagement/ As noted in the Code of Ethics and Business Conduct, HII believes in being a strong corporate citizen and actively supporting charities and causes in the communities in which it operates. However, we will not tolerate the use of charitable contributions as a conduit for a corrupt payment. We strictly prohibit charitable contributions for corrupt purposes. Prior to making any donation or contribution, all charitable organizations are submitted to appropriate due diligence screening.</p> <p>We are proud of the work we do with our communities and proudly publish details of some of our initiatives on our website: https://www.huntingtoningalls.com/who-we-are/corporate-citizenship/. We also publish a Report to the Community, detailing our charitable programs.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.23] 5.2 Charitable Contributions and Activities</p> <p>HII is committed to serving the communities where our employees live and work. We make charitable contributions and encourage employees to support their communities through appropriate volunteer activities. Many HII employees volunteer their time, talents and energy to support charitable causes and non-profit organizations. HII is proud of the generous spirit of our employees and encourages these kinds of activities provided they do not conflict with HII's interests or reflect negatively on HII.</p> <p>[14] 2018 Report to the Community (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/05/2018-Report_to_the_Community_5-9-19.pdf [p.2]</p>

OUR CHARITABLE INVESTMENTS



Arts Programs	\$99,860	United Way	\$961,000*
Civic/Community Support	\$1,023,170	Health & Human Services Programs	\$852,901
Education Programs	\$3,948,383	Community Events	\$432,410
Youth Programs	\$611,200	Veterans/Military Support Programs	\$613,100

*Hill employees pledged an additional \$400,000 through company-sponsored fund-raising campaigns for the United Way.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
1
Comments
<p>The company has a policy covering responsible lobbying, and provides an overview of its expected standards of conduct comprising responsible lobbying. The company recognises lobbying as a corruption risk and outlines a number of risk mitigation procedures and oversight mechanisms, including due diligence on external lobbyists, reporting obligations, anti-corruption contractual agreements and tailored anti-corruption training for staff overseeing lobbying activities. The company also clarifies that its policy on lobbying only applies to the US because it is the only jurisdiction where it conducts lobbying activities. The policy applies to all employees and third parties.</p> <p>However, the company does not clearly outline the specific corruption risks commonly associated with lobbying, such as conflicts of interest, gifts and hospitality and undue influence. Additionally, the company does not specify that its policy also applies to board members.</p>
Evidence
<p>[24] Customer Engagement (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/customer-engagement/ HII does not tolerate, in any fashion, the use of lobbyists to, directly or indirectly, make improper or illegal payments to government officials. HII does not currently, and has not historically, engaged in lobbying activities outside of the U.S.</p> <p>HII engages in responsible lobbying efforts in the U.S. to ensure that our representatives understand our concerns and needs and to support legislation that we believe will benefit our company, our employees, and our country. We are also strongly committed to ensuring that our lobbying efforts comply with the law and are done responsibly.</p> <p>We have Corporate and Division policies designed to set clear standards for lobbying and proper controls to ensure that such activity is approved at an appropriate level and provide specific training to those employees most likely to engage in lobbying activity or work with external lobbyists. These policies and procedures include our formal corporate procedure on Identification and Reporting of Lobbying Activities and Costs.</p> <p>We have also adopted Core Element Work Plans related to Federal Lobbying and State Lobbying to address these issues and ensure that we understand the risks and have appropriate mitigation plans in place.</p> <p>All external lobbyists are also subject to comprehensive anti-corruption due diligence under HII’s process for conducting due diligence on Third Party Representatives. As part of this process, lobbyists sign representations and warranties that they will not provide anything of value on behalf of HII to corruptly influence the recipient or any other individual with decision making authority over HII’s business.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.23] Lobbying:</p> <p>Lobbying activities are subject to corporate policy and law, and are highly scrutinized. As such, we follow the spirit and letter of the law when engaging in lobbying activity, regardless of whether it is direct or indirect. In order to facilitate compliance with legal requirements and ensure that a single, consistent message is provided to our Washington DC based customer community, only HII’s registered lobbyists are authorized to lobby Congressional Members, Executive Branch Covered Officials, or their employees or staffs. If you receive an inquiry from a Congressional Member, Executive Branch covered official, or their employees or staffs, contact HII’s Government and Customer Relations office in Washington DC.</p>

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
<p>The company states that it does not conduct lobbying activities outside the US. The company states that it files disclosures to the United States Congress, which includes information on the topics and aims of the company's lobbying campaigns. However, the company does not publish information on its lobbying activities on its website or in its reports. It does not provide direct links to the relevant lobbying information disclosed externally.</p>
Evidence
<p>[24] Customer Engagement (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/customer-engagement/ HII does not currently, and has not historically, engaged in lobbying activities outside of the U.S.</p> <p>Within the U.S., all lobbyists (including companies such as HII that employ their own in house lobbyists) who lobby the federal government must file quarterly disclosure reports with the U.S. Congress regarding lobbying activity. These disclosure reports require the House(s) of Congress and Federal agencies lobbied, the amount of income spent for lobbying, and the issues that were the subject of the lobbying efforts. This information is made available to the public through simple online search forms. HII adheres to these legal requirements and makes these quarterly reports regarding its lobbying activities and public policy topics. We also take steps to ensure that our external lobbyists agree to comply with all applicable laws and to report to us their activities and associated costs incurred on our behalf.</p> <p>Important related documents and links:</p> <p>https://lobbyingdisclosure.house.gov/ http://disclosures.house.gov/ld/ldsearch.aspx http://disclosures.house.gov/lc/lcsearch.aspx</p>

Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
<p>The company states that it does not conduct lobbying activities outside of the US. The company also states that it discloses its federal lobbying activities externally. The company, however, does not directly disclose this information on its website or provide direct external links.</p>
Evidence
<p>[24] Customer Engagement (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/customer-engagement/ HII does not currently, and has not historically, engaged in lobbying activities outside of the U.S.</p> <p>Under U.S. law, federal lobbying activities are disclosed and publicly available for review. Lobbyists are required to make quarterly disclosures regarding their clients and the amount of income generated from and costs incurred on behalf of each of those clients during the reporting period. HII adheres to these legal requirements and files these quarterly reports regarding its lobbying activities and public policy topics. We also take steps to ensure that our external lobbyists agree to comply with all applicable laws and to report to us their activities and associated costs incurred on our behalf.</p> <p>Important related documents and links:</p> <p>https://lobbyingdisclosure.house.gov/ http://disclosures.house.gov/ld/ldsearch.aspx http://disclosures.house.gov/lc/lcsearch.aspx</p>

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>There is evidence that the company has a policy and/or procedure on the giving and receipt of gifts and hospitality to ensure that they are not used for corrupt purposes. This explicitly states that employees should never provide or accept business courtesies from domestic or foreign officials. The company also specifies a clear financial threshold, which stipulates senior sign off.</p> <p>However, while the company states that all gifts and hospitality are overseen by the company's Compliance Office, there is no evidence that all gifts and hospitality above a certain threshold are recorded in a dedicated register or depository accessible to those with oversight responsibility.</p>
Evidence
<p>[24] Customer Engagement (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/customer- HII has implemented clear controls over gifts and hospitality. The Corporate Business Courtesies Procedure governs gifts and hospitality at the corporate level, with each Division adopting consistent Division-level procedures. Additional controls and protections are in place regarding gifts and hospitalities practices involving foreign government officials in the Foreign Corrupt Practices and Anti-Bribery Procedure.</p> <p>We strictly prohibit any gift or hospitality with a corrupt purpose. Our Compliance Office is heavily involved in monitoring gifts and hospitality. Compliance approval is required for any gift or hospitality involving a government official or any other gift or hospitality, regardless of the recipient, that exceeds USD \$100 in value. In assessing proposed gifts or hospitality, the Compliance Office considers the recipient, the expressed purpose, and the timing and frequency of the gift or hospitality.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.20] You should never solicit or accept tangible or intangible business courtesies (gifts, meals, gratuity, entertainment, or other favors) that are given expressly or implied in exchange for securing HII business or providing favorable business terms, or that might create or give the appearance of influencing or creating a sense of obligation on your part with to the giver. Never give or accept business courtesies that are illegal, immoral or would reflect negatively on HII.</p> <p>Except as described above, you may accept occasional unsolicited business courtesies of nominal value that is not frequent or lavish as measured by reasonable standards in the relevant business community such as meals, refreshments or promotional items.</p> <p>A business courtesy must never be provided to or accepted from a Domestic Government Official or Foreign Official without prior written approval of the Law Department. (See Corporate Procedure A203, Business Courtesies for specific guidance)</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ Beyond the actions of the Board and Senior Executives, we have developed a series of policies and procedures to serve as the framework for the anti-corruption compliance program, including: (i) a comprehensive anti-corruption policy; (ii) a policy for the giving and receipt of gifts to ensure that such transactions are not subterfuge for bribery; (iii) a policy on hospitality; and (iv) a policy on potential conflicts of interest.</p>

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
2
Comments
<p>There is evidence that the company requires the involvement of divisional procurement departments in the establishment of all new suppliers. These departments are ultimately responsible for providing oversight of the company's supplier base. There is evidence that the company assures itself that proper procedures regarding the onboarding of suppliers are followed annually through internal audits. The company states that its procurement procedures are also subject to periodic external audit.</p>
Evidence
<p>[26] Supply Chain Management (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/supply-chain-management/ HII has detailed controls around its procurement and purchasing process. Central among these controls is the involvement of a dedicated procurement department within each division, the Supply Chain Management Department, in the establishment and monitoring of supplier relationships.</p> <p>Under HII's Supply Chain Management Procedure, when material and/or services are required to be purchased from external (non-HII) sources in support of Company operations and/or production schedules, Supply Chain Management has the sole responsibility to establish and manage the external contractual relationship.</p> <p>The procurement process is also subject to regular and extensive internal and external audit. On an annual basis, our procurement process is audited by the Internal Audit department. The procurement process is also subject to audit by external auditors as well as government auditors such as the U.S. Navy's Supervisor of Shipbuilding.</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ Finally, our commitment to anti-corruption compliance is such that we demand an equal commitment from the companies with which we conduct business. HII's procedures require that, prior to engaging any business partners, HII performs due diligence to ensure that our business partners share our commitment to ethical business practices. Our due diligence is a strict requirement for the Company and all of its subsidiaries, regardless of location.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.5] The Core Principle of "Hiring the Right People" extends to the parties with whom HII contracts, including suppliers, business partners, and consultants. Conducting risk-based due diligence on contractual counter parties and third parties is an essential element of an effective compliance program.</p> <p>[p.10] Compliance Program Manager</p> <p>HII Corporate has a Compliance Program Manager, reporting to the CCO. In addition to responsibilities outside of this Plan, under this Plan, the HII Compliance Program Manager will be responsible for the following:</p> <p>[...]</p> <ul style="list-style-type: none"> • Working with the Company's contracting functions to develop and maintain a due diligence approach that meets the requirements of HII's due diligence policies and requirements; and,

- Managing the requirements set forth in corporate procedure CO A301, Agreements with Third Party Representatives.

The Compliance Office created the Third Party Management System to manage the Third Party Representatives due diligence process and performance for the duration of each agreement.

[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_scce-cep_dec2015.pdf

[p.16] The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor the business associate on a periodic, ongoing basis for as long as the business relationship exists.

We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet "Business Associates Brochure" to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable and adhere to ethics and business conduct standards that are similar to HII's.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>The company has formal procedures to conduct risk-based due diligence on its suppliers. The company states that due diligence checks on all suppliers include checks on ultimate beneficial ownership, and there is some evidence indicating that high risk suppliers are subject to enhanced due diligence. The company states that all suppliers undergo renewed due diligence annually.</p> <p>However, the company does not commit to not engaging a supplier or terminating a supplier agreement if a red flag identified in due diligence cannot be mitigated.</p>
Evidence
<p>[26] Supply Chain Management (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/supply-chain-management/ As a U.S. government contractor, we understand the need to ensure that our suppliers are conducting business in an ethical manner. We consider carefully not just each supplier's performance, but also their reputation for ethical practices when selecting suppliers. We apply an extensive due diligence screening process to each of our suppliers, including checks on the beneficial owners of each. Any suppliers that present as high risk from a corruption standpoint will be subject to additional review by the Law Department.</p> <p>Specific due diligence procedures are developed by each Division, depending on the level and types of risks presented by their own suppliers. Each Division is also responsible for establishing a process for an annual review of its active suppliers.</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ Finally, our commitment to anti-corruption compliance is such that we demand an equal commitment from the companies with which we conduct business. HII's procedures require that, prior to engaging any business partners, HII performs due diligence to ensure that our business partners share our commitment to ethical business practices. Our due diligence is a strict requirement for the Company and all of its subsidiaries, regardless of location.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.5] The Core Principle of "Hiring the Right People" extends to the parties with whom HII contracts, including suppliers, business partners, and consultants. Conducting risk-based due diligence on contractual counter parties and third parties is an essential element of an effective compliance program.</p> <p>[p.10] Compliance Program Manager</p> <p>HII Corporate has a Compliance Program Manager, reporting to the CCO. In addition to responsibilities outside of this Plan, under this Plan, the HII Compliance Program Manager will be responsible for the following:</p> <p>[...]</p> <ul style="list-style-type: none"> • Working with the Company's contracting functions to develop and maintain a due diligence approach that meets the requirements of HII's due diligence policies and requirements; and, • Managing the requirements set forth in corporate procedure CO A301, Agreements with Third Party Representatives.

The Compliance Office created the Third Party Management System to manage the Third Party Representatives due diligence process and performance for the duration of each agreement.

[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document)

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[p.16] The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor the business associate on a periodic, ongoing basis for as long as the business relationship exists.

[...]

We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet "Business Associates Brochure" to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable and adhere to ethics and business conduct standards that are similar to HII's.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
2
Comments
<p>There is evidence that the company requires suppliers to have adequate anti-bribery and corruption policies and procedures in place. It is explicitly stated that all suppliers must have, at a minimum, policies that prohibit foreign and domestic bribery, prohibit facilitation payments, as well as policies and procedures to address conflicts of interest, gifts and hospitality, and whistleblowing. The company encourages suppliers to develop their written policies and provides example policies and procedures on its supplier website. The company states that it carries out an assessment of suppliers' anti-corruption programmes and procedures, and that this assurance is carried out when there is a significant change in the business relationship.</p>
Evidence
<p>[26] Supply Chain Management (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/supply-chain-management/ HII's Supplier Code of Conduct delineates a set of high ethical standards for the conduct of our suppliers. At a minimum, we expect our suppliers to maintain full compliance with laws and regulations applicable to their business.</p> <p>As part of the onboarding process, HII requires that all suppliers have adequate anti-bribery and corruption policies in place to prevent and detect misconduct. Such policies and procedures must cover gift and business courtesies, conflicts of interest, and whistleblower protections.</p> <p>The Supplier Code of Conduct makes clear that HII's suppliers are prohibited from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes a prohibition on facilitating payments intended to expedite or ensure performance of a routine government action such as obtaining a visa or customs clearance.</p> <p>To ensure compliance with HII's anti-corruption program and applicable anti-bribery and corruption laws, we take active steps to assess the conduct of our suppliers, including when there is a significant change in the business relationship.</p> <p>[3] Supplier Code of Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2016/07/ethicsba.pdf [p.1] X Ethics Program Expectations</p> <ul style="list-style-type: none"> • Whistle blower Protection We expect our suppliers to provide their employees with avenues for raising legal or ethical issues or concerns without fear of retaliation. We expect our suppliers to take action to prevent, detect, and correct any retaliatory actions. • Consequences for Violating Code In the event of a violation of any of the above expectations, we may pursue corrective actions to remedy the situation. In the case of a violation of law or regulation, we may be required to report those violations to proper authorities. We reserve the right to terminate our relationship with any supplier under the terms of the existing procurement/purchasing contract. • Ethics Policies <p>Commensurate with the size and nature of their business, we expect our suppliers to have management systems in place to support compliance with laws, regulations, and the expectations related to or addressed expressly within this Supplier Code of Conduct. We encourage our suppliers to implement their own written code of conduct and to flow down the principles of a code of conduct to the entities that furnish them with goods and services.</p>

[p.2] A. Anti-Corruption Laws

Our suppliers must comply with the anti-corruption laws, directives and/or regulations that govern operations in the countries in which they do business, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. We require our suppliers to refrain from offering or making any improper payments of money or anything of value to government officials, political parties, candidates for public office, or other persons. This includes a prohibition on facilitating payments intended to expedite or secure performance of a routine governmental action like obtaining a visa or customs clearance, even in locations where such activity may not violate local law. Personal safety payments are permitted where there is an imminent threat to health or safety.

We expect our suppliers to exert due diligence to prevent and detect corruption in all business arrangements, including partnerships, joint ventures, offset agreements, and the hiring of consultants.

B. Illegal Payments

Our suppliers must not offer any illegal payments to, or receive any illegal payments from, any customer, supplier, their agents, representatives or others. The receipt payment, and/or promise of monies or anything of value, directly or indirectly, intended to exert undue influence or improper advantage is prohibited. This prohibition applies even in locations where such activity may not violate local law.

C. Anti-Trust

Our suppliers must not fix prices or rig bids with their competitors. They must not exchange current, recent, or future pricing information with competitors. Our suppliers must refrain from participating in a cartel.

D. Gifts/Business Courtesies

We expect our suppliers to compete on the merits of their products and services. The exchange of business courtesies may not be used to gain an unfair competitive advantage. In any business relationship, our suppliers must ensure that the offering or receipt of any gift or business courtesy is permitted by law and regulation, and that these exchanges do not violate the rules and standards of the recipient's organization, and are consistent with reasonable marketplace customs and practices.

[...]

V. Conflict of Interest

We expect our suppliers to avoid all conflicts of interest or situations giving the appearance of a conflict of interest in their dealing with our company. We expect our suppliers to provide notification to all affected parties in the event that an actual or potential conflict of interest arises. This includes a conflict between the interest of our company and personal interest or those of close relatives, friends or associates.

[15] Ethics and Business Conduct Supplier Tools (Webpage)

Accessed 18/06/2019

https://supplier.huntingtoningalls.com/sourcing/ethics_and_business_conduct_supplier_tools.html

To assist suppliers in having a robust ethics and compliance plan, Newport News Shipbuilding (NNS) is providing the following tools that can be used as reference material and/or starting point for your own comparable documents. You are free to use and update these documents to support your program

Please click the links to access the content described below:

- DoD Hotline Poster - DoD Instruction 7050.01, "DoD Hotline Program," December 17, 2007, outlines the requirement to publicize the DoD Hotline Program and encourage the DoD community to identify and report suspected fraud, waste and mismanagement in DoD programs and operations. The different poster styles, along with informative brochures and business cards, can be used to assist with your unit's or agency's fraud prevention programs.
- DoD Whistleblower Poster - The Defense Contractors and Subcontracts have Whistleblower Rights. A Reprisal compliant can filed with the DoD Hotline or HII Openline.

- Other DoD Hotline Resources
- Example of a Mandatory Disclosure Procedure - This template is for reference only and to be used at the consumer's own risk. This template is a policy designed to establish the process by which a company will comply with the Mandatory Disclosure requirements established by the Federal Acquisition Regulation (FAR).
- Example of a Case Management Procedure - This template is for reference only and to be used at the consumer's own risk. This template is a guide that describes the life cycle of the case management process from intake of concerns to the implementation of corrective and/or disciplinary actions.
- Example of a Non-Retaliation Procedure - This template is for reference only and to be used at the consumer's own risk. This template is a policy designed to confirm a company's commitment to non-retaliation and providing an environment that supports any individual who in good faith seeks advice, raises a concern, or reports perceived or observed misconduct.
- Example of a Code of Ethics or Conduct Policy - This template is for reference only and to be used at the consumer's own risk. A code has value as both an internal guideline and an external statement of corporate values and commitments. This is a guide to developing a code of conduct or ethics.
- Example of a Code of Conduct or Ethics - This template is for reference only and to be used at the consumer's own risk. This template is a document designed to confirm a company's commitment to conduct business ethically and compliantly and to ensure all ethics and compliance issues are resolved appropriately according to our stated values, Code of Conduct, corporate policies, laws and regulations throughout our operations.
- Determining Company Values - This document is for reference only and to be used at the consumer's own risk. These slides are provided to assist in determining your company's values which are the foundation of your ethics program.

[2] Anti-Corruption Program (Webpage)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/>

Finally, our commitment to anti-corruption compliance is such that we demand an equal commitment from the companies with which we conduct business. HII's procedures require that, prior to engaging any business partners, HII performs due diligence to ensure that our business partners share our commitment to ethical business practices. Our due diligence is a strict requirement for the Company and all of its subsidiaries, regardless of location.

[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_scce-cep_dec2015.pdf

[p.16] AT: The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

KR: This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor the business associate on a periodic, ongoing basis for as long as the business relationship exists. We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet "Business Associates Brochure" to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable and adhere to ethics and business conduct standards that are similar to HII's.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
1
Comments
<p>There is evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required of sub-contractors throughout the supply chain.</p> <p>However, this evidence is in the form of a simple statement and it is unclear how the company does this in practice.</p>
Evidence
<p>[26] Supply Chain Management (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/supply-chain-management/ We work with suppliers of various sizes and anti-corruption risk profiles. We expect our suppliers to have management systems in place to support compliance with laws, including anti-corruption laws, understanding that smaller and less sophisticated suppliers may have less formal and advanced compliance programs. At a minimum, we encourage our suppliers to implement their own written code of conduct and to flow down the principles of a code of conduct to their own suppliers and subcontractors.</p> <p>[3] Supplier Code of Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2016/07/ethicsba.pdf [p.1] X. Ethics Policies</p> <p>Commensurate with the size and nature of their business, we expect our suppliers to have management systems in place to support compliance with laws, regulations, and the expectations related to or addressed expressly within this Supplier Code of Conduct. We encourage our suppliers to implement their own written code of conduct and to flow down the principles of a code of conduct to the entities that furnish them with goods and services.</p>

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption investigations relating to its suppliers, or the associated disciplinary actions.
Evidence
<p>[26] Supply Chain Management (Webpage) Accessed 21/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/supply-chain-management/ HII is committed to investigating all reports of unethical and corrupt behavior by its suppliers. Each case is investigated thoroughly. In the event of proven violations of applicable anti-bribery or corruption laws or the Supplier Code of Conduct, we will immediately take corrective action to remedy the violation, including possible termination of the business relationship. Under appropriate circumstances, HII will also disclose to government agencies instances in which it becomes aware of credible evidence of misconduct by suppliers.</p>

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
2
Comments
<p>There is evidence that the company has a policy and procedures to control the use of agents which addresses the corruption risks associated with the use of agents and provides details of specific controls to mitigate these risks, including contractual provisions, due diligence and oversight of activities. As part of this policy, the company commits to establishing and verifying that the use of an agent is, in each case, necessary to perform a legitimate business function. The company states that this policy applies to all divisions within the organisation which might employ agents, including subsidiaries and joint ventures.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/</p> <p>HII engages very few “agents” as that term is typically used in the international business context. In particular, we do not allow any third parties we engage to operate without significant oversight. We engage a very limited number of third parties to assist with business development activities. We engage “agents” or commercial consultants compensated on a commission-basis only in exceptional circumstances.</p> <p>HII’s business strategy does require collaboration with a wide array of individuals and external companies in other capacities, from technical consultants, to lobbyists, to customs clearance and freight-forwarders. We consider these third-party business partners to be “Representatives,” because they represent HII with respect to external parties. We understand that we could be held legally responsible for actions that Representatives take on our behalf.</p> <p>We have implemented comprehensive procedures for the proper vetting of Representatives. Both the Foreign Corrupt Practices and Anti-Bribery Procedure and the Agreements with Third Party Representatives Procedure set forth international best practices to identify, manage, and mitigate corruption risks associated with our use of Representatives. Prior to engaging any Representative, we conduct risk-based due diligence on the Representative, so that we know who is acting on our behalf, and ensure that a legitimate business justification exists for engaging the Representative. It is HII policy to verify ownership of our Representatives, obtain certifications of compliance with anti-corruption laws, and require proofs of service prior to payment.</p> <p>The aforementioned procedures apply to HII’s Corporate office, Divisions, subsidiaries, controlled joint venture companies, and other entities effectively controlled by HII.</p> <p>[...]</p> <p>Pursuant to HII’s Agreements with Third Party Representatives Procedure, prior to entering into a business relationship with any Representative, we conduct risk-based due diligence to verify the identity of the party and detect potential risks. We utilize a risk categorization metric to determine the risk category for a particular Representative and the related level of due diligence that will be required, with all medium and high-risk agents and intermediaries subject to enhanced due diligence.</p> <p>Following their approval to do work, Representatives undergo risk-based oversight throughout the course of their engagement with HII. The aim of risk-based oversight is to verify that Representatives conduct business in a manner that is consistent with HII’s values, procedures, and applicable anti-bribery and corruption laws.</p>

[1] Code of Ethics and Business Conduct (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf

[p.8] Responsibility: In addition to the Chief Executive Officer, the Chief Financial Officer and all other managers and employees, the Huntington Ingalls Industries Code of Ethics and Business Conduct applies to members of the Board of Directors, consultants, agents, contract labor and anyone who represents the company in any capacity.

[p.26] Employees and consultants or agents representing the company abroad or engaging in international business in the United States should be aware that the company's Code of Ethics and Business Conduct applies to them anywhere in the world. Less than strict adherence to laws and regulations that apply to the company's conduct of international business would be considered a violation of our Code of Ethics and Business Conduct.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
1
Comments
<p>The company has formal procedures to conduct risk-based anti-bribery and corruption due diligence prior to engaging with all third parties, including agents and intermediaries. The company states that all higher risk agents and intermediaries are subject to enhanced due diligence, and that all agents and intermediaries undergo due diligence every two years or whenever there is a significant change in the business relationship.</p> <p>However, the company makes no clear commitment not to engage or to terminate a supplier relationship if a red flag identified in due diligence cannot be mitigated.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/ HII employs a robust risk-based due diligence process designed to identify and appropriately mitigate risks, including with respect to all Representatives.</p> <p>Pursuant to HII’s Agreements with Third Party Representatives Procedure, prior to entering into a business relationship with any Representative, we conduct risk-based due diligence to verify the identity of the party and detect potential risks. We utilize a risk categorization metric to determine the risk category for a particular Representative and the related level of due diligence that will be required, with all medium and high-risk agents and intermediaries subject to enhanced due diligence.</p> <p>Following their approval to do work, Representatives undergo risk-based oversight throughout the course of their engagement with HII. The aim of risk-based oversight is to verify that Representatives conduct business in a manner that is consistent with HII’s values, procedures, and applicable anti-bribery and corruption laws.</p> <p>Representatives are also subject to annual certification requirements to ensure that HII is aware of any changes to their risk profiles. Updated due diligence is required at least every two years or whenever a substantive modification to the Representative agreement (in scope or compensation) is proposed.</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ Finally, our commitment to anti-corruption compliance is such that we demand an equal commitment from the companies with which we conduct business. HII’s procedures require that, prior to engaging any business partners, HII performs due diligence to ensure that our business partners share our commitment to ethical business practices. Our due diligence is a strict requirement for the Company and all of its subsidiaries, regardless of location.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.5] The Core Principle of “Hiring the Right People” extends to the parties with whom HII contracts, including suppliers, business partners, and consultants. Conducting risk-based due diligence on contractual counter parties and third parties is an essential element of an effective compliance program.</p> <p>[p.10] Compliance Program Manager</p> <p>HII Corporate has a Compliance Program Manager, reporting to the CCO. In addition to responsibilities outside of this Plan, under this Plan, the HII Compliance Program Manager will be responsible for the following:</p> <p>[...]</p>

- Working with the Company's contracting functions to develop and maintain a due diligence approach that meets the requirements of HII's due diligence policies and requirements; and,
- Managing the requirements set forth in corporate procedure CO A301, Agreements with Third Party Representatives.

The Compliance Office created the Third Party Management System to manage the Third Party Representatives due diligence process and performance for the duration of each agreement.

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[p.16] AT: The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

KR: This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor the business associate on a periodic, ongoing basis for as long as the business relationship exists. We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet "Business Associates Brochure" to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable and adhere to ethics and business conduct standards that are similar to HII's.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
1
Comments
<p>Based on publicly available evidence, the company has formal procedures to establish the beneficial ownership of agents prior to engaging them. The company operates, as a minimum, a risk-based beneficial ownership verification policy, whereby all agent provided information is verified; high-risk agents' information is independently verified by the company's Corporate Compliance Manager. The company commits to not engaging or terminating its engagement with agents or intermediaries where ultimate beneficial ownership cannot be established or raises concern.</p> <p>However, there is no evidence that the company has procedures to verify the beneficial ownership of agents and intermediaries at least every two years and/or when there is a significant change in the business relationship.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/ HII employees must establish the beneficial ownership of all Representatives prior to engagement. The Agreements with Third Party Representatives Procedure sets forth a risk-based beneficial ownership verification process whereby searches are performed to identify and screen all beneficial owners of each Representative. HII employs questionnaires, as well as public record searches, to verify beneficial ownership. For medium and high-risk Representatives, the Corporate Compliance Manager is responsible for independently verifying the results of the beneficial ownership search.</p> <p>HII will not engage a Representative if the beneficial ownership is unclear or raises concern.</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ Finally, our commitment to anti-corruption compliance is such that we demand an equal commitment from the companies with which we conduct business. HII's procedures require that, prior to engaging any business partners, HII performs due diligence to ensure that our business partners share our commitment to ethical business practices. Our due diligence is a strict requirement for the Company and all of its subsidiaries, regardless of location.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.5] The Core Principle of "Hiring the Right People" extends to the parties with whom HII contracts, including suppliers, business partners, and consultants. Conducting risk-based due diligence on contractual counter parties and third parties is an essential element of an effective compliance program.</p> <p>[p.10] Compliance Program Manager HII Corporate has a Compliance Program Manager, reporting to the CCO. In addition to responsibilities outside of this Plan, under this Plan, the HII Compliance Program Manager will be responsible for the following:</p> <p>[...]</p> <ul style="list-style-type: none"> • Working with the Company's contracting functions to develop and maintain a due diligence approach that meets the requirements of HII's due diligence policies and requirements; and, • Managing the requirements set forth in corporate procedure CO A301, Agreements with Third Party Representatives.

The Compliance Office created the Third Party Management System to manage the Third Party Representatives due diligence process and performance for the duration of each agreement.

[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_scce-cep_dec2015.pdf

[p.16] AT: The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

KR: This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor the business associate on a periodic, ongoing basis for as long as the business relationship exists. We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet "Business Associates Brochure" to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable and adhere to ethics and business conduct standards that are similar to HII's.

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
1
Comments
<p>There is evidence the company's anti-bribery and corruption policy applies to all third parties, including agents and intermediaries, and that it includes anti-bribery and corruption clauses in its contracts with such entities. There is evidence indicating that all medium and high-risk representatives are subject to termination rights.</p> <p>However, the company indicates that not all representatives are subject to audit rights.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/</p> <p>In order to confirm that our Representatives abide by anti-bribery and corruption laws, at the initiation of the relationship and annually thereafter, Representatives are required to certify that they have no knowledge of any violation of the Foreign Corrupt Practices Act and other anti-bribery laws and that they will continue to act in accordance with the HII Code of Ethics and Business Conduct and applicable anti-corruption laws.</p> <p>All Representative agreements with medium and high risk representatives must be coordinated by the Law Department and must include anti-corruption clauses, including representations and warranties, termination rights, and, where appropriate, audit rights.</p> <p>HII will refuse to engage, or will terminate engagement with, any Representative who commits acts of bribery or corruption.</p> <p>[...]</p> <p>Compensation, both in total amount and type, is a key factor in determining a Representative's risk profile. As a result, commission-based Representatives are subject to greater scrutiny and an enhanced due diligence process.</p> <p>As part of the risk-assessment conducted with respect to every Representative, HII also evaluates the financial stability of the Representative, requests financial or banking references, and ensures that the Representative has a properly established bank account in a country that does not raise red flags.</p> <p>In addition, HII places heavy emphasis on controls around the payment process. As a condition of being compensated for any work performed for HII, Representatives are required to submit monthly activity reports and proper invoices. HII employees are responsible for reviewing these activity reports and invoices to ensure that the compensation sought is reasonable and appropriate in connection with the services rendered.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf</p> <p>[p.7] Be careful when using consulting services to represent our interests. Consultants, sales representatives, distributors, and contractors must comply with HII's standards of conduct.</p> <p>[p.8] In addition to the Chief Executive Officer, the Chief Financial Officer and all other managers and employees, the Huntington Ingalls Industries Code of Ethics and Business Conduct applies to members of the Board of Directors, consultants, agents, contract labor and anyone who represents the company in any capacity.</p> <p>[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_scce-cep_dec2015.pdf</p>

[p.16] AT: The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

KR: This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor the business associate on a periodic, ongoing basis for as long as the business relationship exists. We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet "Business Associates Brochure" to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable and adhere to ethics and business conduct standards that are similar to HII's.

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
2
Comments
<p>The company recognises agent payments and incentive structures as a corruption risk and outlines various processes to mitigate these risks. These include staged payments, pre-agreed payments based on clear milestones and a cap on commissions. The company indicates that it will not pay agent fees into an account in a jurisdiction that raises concerns.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/ Effective compliance programs reward compliance and ethical behavior and discourage misconduct through proper incentives and disciplinary measures.</p> <p>HII recognizes the corruption risks associated with incentive payments to Representatives and has placed strict controls around compensation to Representatives. HII relies on commission-based compensation for its Representatives only in exceptional circumstances and only if a valid business justification exists and controls are established. Such controls may include reasonable caps on commission percentages, staged payments over the term of HII's contract with the customer, and proofs of service. Instead of utilizing commission-based compensation, HII typically agrees in advance with Representatives on payment metrics based on the services provided. This avoids improper compensation incentives and discourages corrupt practices.</p> <p>Compensation, both in total amount and type, is a key factor in determining a Representative's risk profile. As a result, commission-based Representatives are subject to greater scrutiny and an enhanced due diligence process.</p> <p>As part of the risk-assessment conducted with respect to every Representative, HII also evaluates the financial stability of the Representative, requests financial or banking references, and ensures that the Representative has a properly established bank account in a country that does not raise red flags.</p> <p>In addition, HII places heavy emphasis on controls around the payment process. As a condition of being compensated for any work performed for HII, Representatives are required to submit monthly activity reports and proper invoices. HII employees are responsible for reviewing these activity reports and invoices to ensure that the compensation sought is reasonable and appropriate in connection with the services rendered.</p>

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
The company does not publish any details of the agents currently contracted to act for and/or on its behalf.
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/ HII will not enter into an agreement with a Representative that wishes to keep its identity or involvement concealed. However, HII's Representatives generally expect HII to exercise discretion when releasing contractual information, especially information that is customarily considered to be private. As a result, for commercial reasons, HII does not generally publish the details of all of the Representatives it has engaged.</p>

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
1
Comments
<p>The company publishes a statement that it has not received any corruption-related reports involving its agents or representatives.</p> <p>However, it is unclear whether the company updates this information on an annual basis.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/</p> <p>HII conducts a prompt and thorough investigation into every report of bribery and corruption violations, including those committed by Representatives. In the event of violations of our policies or legal requirements, HII will immediately invoke a number of disciplinary actions ranging from enhanced monitoring and compliance efforts to termination of the business relationship.</p> <p>HII has not historically had many reports of bribery or corruption violations involving Representatives. Over the past 12 months, HII has not had a single report or allegation of bribery or corruption involving Representatives. The limited data that has resulted from a very small number of reports and investigations involving bribery is not conducive to high-level reporting. As a result, HII does not, as a matter of practice, publish the details or results of internal investigations, unless those results would affect HII's financial reporting or disclosure is otherwise required by U.S. securities laws.</p>

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>There is evidence that the company has formal procedures to conduct risk-based anti-bribery and corruption due diligence before entering into joint ventures. The company states that its due diligence process includes establishing the ultimate beneficial ownership of the partner company, with enhanced due diligence for high-risk joint venture partners.</p> <p>However, there is no evidence that the company repeats due diligence on joint venture partners at least every two years or whenever there is a significant change in the business relationship.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/ HII conducts comprehensive risk-based due diligence prior to entering into and operating joint ventures. The principal goal of the risk-based due diligence process is to systematically investigate and evaluate the financial, contractual, legal, strategic, management, human resources, and other aspects of the partner company, in order to assess the operational, anti-bribery, and corruption risks associated with the joint venture.</p> <p>Enhanced due diligence is performed on joint venture arrangements that present higher risk, including those involving high-risk forums and government entities. HII will not engage in a joint venture if HII does not have sufficient information to determine the ultimate beneficial ownership of the partner company, or when HII is unable to mitigate potential risks.</p> <p>Following the approval of a joint venture, HII seeks to negotiate implementation of ethics, compliance, and operational policies and procedures and joint venture governance mechanics that provide for the ongoing monitoring of the joint operation to ensure that such operations comply with anti-bribery and corruption laws.</p> <p>[3] Supplier Code of Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2016/07/ethicsba.pdf [p.2] Huntington Ingalls Industries has embraced a set of values and established high ethical standards for the conduct of our business. Huntington Ingalls Industries considers adherence to our company Values and Code of Ethics and Business Conduct, as well as strict observance of all U.S. and foreign laws and regulations, to be not only a legal requirement but an ethical obligation for all.</p> <p>Everyone associated with Huntington Ingalls Industries is expected to make this commitment his/her own. This includes non-employees, such as consultants, agents, contract labor, employees of limited liability companies, joint ventures, and anyone who represents the company in any capacity – regardless of their position. Individuals are responsible for the integrity and consequences of any actions that are taken on behalf of Huntington Ingalls Industries.</p> <p>[9] Annual Report 2018 (Document) Accessed 18/06/2019 http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NzA1MDkzfENoaWxkSUQ9NDE3NDE5fFR5cGU9MQ==&t=1 [p.21] Risk factors</p> <p>We conduct a portion of our operations through joint ventures and strategic alliances. We may have limited</p>

control over such arrangements and experience returns that are not proportional to the risks and resources we contribute.

We conduct a portion of our operations through joint ventures with business partners. In any joint venture arrangement, differences of opinions among the joint venture participants may result in delayed decisions or failures to reach agreement on major issues. We and our joint venture partners may, in certain instances, fail to reach agreement on significant decisions on a timely basis, or at all. We also cannot control the actions of our joint venture partners, including any non-performance, default, or bankruptcy of our joint venture partners, and we typically share liability or have joint and/or several liability with our joint venture partners for joint venture matters. Any of these factors could potentially have a material adverse effect on our joint venture operations and the profitability of our joint ventures.

In joint ventures in which we hold a minority interest, we have limited control over many decisions relating to joint venture operations and internal controls relating to operations. These joint ventures may not be subject to the same requirements regarding internal controls and internal control reporting that apply to us. As a result, internal control issues may arise that could have a material adverse effect on the joint venture. In addition, to establish or preserve relationships with our joint venture partners, we may agree to assume risks and contribute resources that are proportionately greater than the returns we expect to receive in the related joint venture. Such agreements may reduce our income and returns on these investments compared to what we would have received if our assumed risks and contributed resources were proportionate to our returns.

[2] Anti-Corruption Program (Webpage)

Accessed 18/06/2019

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/>

Finally, our commitment to anti-corruption compliance is such that we demand an equal commitment from the companies with which we conduct business. HII's procedures require that, prior to engaging any business partners, HII performs due diligence to ensure that our business partners share our commitment to ethical business practices. Our due diligence is a strict requirement for the Company and all of its subsidiaries, regardless of location.

[13] Corporate Annual Compliance Plan 2019 (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf

[p.5] The Core Principle of "Hiring the Right People" extends to the parties with whom HII contracts, including suppliers, business partners, and consultants. Conducting risk-based due diligence on contractual counter parties and third parties is an essential element of an effective compliance program.

[p.10] Compliance Program Manager

HII Corporate has a Compliance Program Manager, reporting to the CCO. In addition to responsibilities outside of this Plan, under this Plan, the HII Compliance Program Manager will be responsible for the following:

[...]

- Working with the Company's contracting functions to develop and maintain a due diligence approach that meets the requirements of HII's due diligence policies and requirements; and,
- Managing the requirements set forth in corporate procedure CO A301, Agreements with Third Party Representatives.

The Compliance Office created the Third Party Management System to manage the Third Party Representatives due diligence process and performance for the duration of each agreement.

[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_scce-cep_dec2015.pdf

[p.16] AT: The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

KR: This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor

the business associate on a periodic, ongoing basis for as long as the business relationship exists. We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet “Business Associates Brochure” to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable and adhere to ethics and business conduct standards that are similar to HII’s.

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
1
Comments
<p>Based on publicly available evidence, the company commits to working jointly with its joint venture partners to implement an anti-corruption programme to the same standard as the company's own. The company states that all joint venture agreements include anti-corruption clauses and termination rights.</p> <p>However, evidence indicates that not all joint venture agreements include audit rights. Additionally, the company does not clearly specify the anti-corruption standards that all joint venture partners must adhere to, such as a prohibition of bribery, payments to public officials and facilitation payments.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/ HII is committed to ensuring that its joint ventures operate in the same ethical manner as HII itself. To this end, we take steps to ensure, to the extent possible, that each of our joint ventures adopts compliance controls at least as robust as our own.</p> <p>HII will only enter into joint venture contracts if anti-corruption clauses (including appropriate representations and warranties, termination rights, and, where appropriate, audit rights) are included. Notably, whenever possible, we include provisions that require each joint venture partner to remove any directors, officers or employees that it appoints to the joint venture if such partner reasonably suspects that such employee has engaged in unethical or improper behavior.</p> <p>[3] Supplier Code of Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2016/07/ethicsba.pdf [p.2] Huntington Ingalls Industries has embraced a set of values and established high ethical standards for the conduct of our business. Huntington Ingalls Industries considers adherence to our company Values and Code of Ethics and Business Conduct, as well as strict observance of all U.S. and foreign laws and regulations, to be not only a legal requirement but an ethical obligation for all.</p> <p>Everyone associated with Huntington Ingalls Industries is expected to make this commitment his/her own. This includes non-employees, such as consultants, agents, contract labor, employees of limited liability companies, joint ventures, and anyone who represents the company in any capacity – regardless of their position. Individuals are responsible for the integrity and consequences of any actions that are taken on behalf of Huntington Ingalls Industries.</p> <p>[9] Annual Report 2018 (Document) Accessed 18/06/2019 http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NzA1MDkzfENoaWxkSUQ9NDE3NDE5fFR5cGU9MQ==&t=1 [p.21] Risk factors</p> <p>We conduct a portion of our operations through joint ventures and strategic alliances. We may have limited control over such arrangements and experience returns that are not proportional to the risks and resources we contribute.</p> <p>We conduct a portion of our operations through joint ventures with business partners. In any joint venture</p>

arrangement, differences of opinions among the joint venture participants may result in delayed decisions or failures to reach agreement on major issues. We and our joint venture partners may, in certain instances, fail to reach agreement on significant decisions on a timely basis, or at all. We also cannot control the actions of our joint venture partners, including any non-performance, default, or bankruptcy of our joint venture partners, and we typically share liability or have joint and/or several liability with our joint venture partners for joint venture matters. Any of these factors could potentially have a material adverse effect on our joint venture operations and the profitability of our joint ventures.

In joint ventures in which we hold a minority interest, we have limited control over many decisions relating to joint venture operations and internal controls relating to operations. These joint ventures may not be subject to the same requirements regarding internal controls and internal control reporting that apply to us. As a result, internal control issues may arise that could have a material adverse effect on the joint venture. In addition, to establish or preserve relationships with our joint venture partners, we may agree to assume risks and contribute resources that are proportionately greater than the returns we expect to receive in the related joint venture. Such agreements may reduce our income and returns on these investments compared to what we would have received if our assumed risks and contributed resources were proportionate to our returns.

[12] Interview with Director Ethics And Business Conduct (Kenny Rogers, 2015) (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_scce-cep_dec2015.pdf

[p.16] AT: The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

KR: This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor the business associate on a periodic, ongoing basis for as long as the business relationship exists. We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet "Business Associates Brochure" to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable and adhere to ethics and business conduct standards that are similar to HII's.

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
2
Comments
<p>The company publishes a statement that it commits to take an active role in preventing bribery and corruption in all of its joint ventures. There is clear evidence to support the company's commitment, with the company indicating that it appoints a compliance officer within the joint venture and regularly conducts monitoring and auditing of the joint venture.</p>
Evidence
<p>[27] Agents Intermediaries Joint Ventures (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/ HII takes a very active role in preventing bribery and corruption in all of its joint ventures. Our commitment to anti-corruption compliance is such that we demand an equal commitment from the companies with which we conduct business. As stated clearly in our Code of Ethics and Business Conduct, "HII does not tolerate bribery or corruption, regardless of where we are located when we do business."</p> <p>HII will refuse to engage, or will terminate engagement with, any joint venture partner who commits acts of bribery or corruption. Moreover, HII will actively seek to prevent bribery and corruption within its joint ventures by, as dictated by the circumstances, ensuring the joint venture adopts appropriate anti-bribery controls, appointing a compliance officer within the joint venture, and conducting regular monitoring and auditing of the joint venture.</p> <p>[3] Supplier Code of Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2016/07/ethicsba.pdf [p.2] Huntington Ingalls Industries has embraced a set of values and established high ethical standards for the conduct of our business. Huntington Ingalls Industries considers adherence to our company Values and Code of Ethics and Business Conduct, as well as strict observance of all U.S. and foreign laws and regulations, to be not only a legal requirement but an ethical obligation for all.</p> <p>Everyone associated with Huntington Ingalls Industries is expected to make this commitment his/her own. This includes non-employees, such as consultants, agents, contract labor, employees of limited liability companies, joint ventures, and anyone who represents the company in any capacity – regardless of their position. Individuals are responsible for the integrity and consequences of any actions that are taken on behalf of Huntington Ingalls Industries.</p> <p>[9] Annual Report 2018 (Document) Accessed 18/06/2019 http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NzA1MDkzfENoaWxkSUQ9NDE3NDE5fFR5cGU9MQ==&t=1 [p.21] Risk factors</p> <p>We conduct a portion of our operations through joint ventures and strategic alliances. We may have limited control over such arrangements and experience returns that are not proportional to the risks and resources we contribute.</p> <p>We conduct a portion of our operations through joint ventures with business partners. In any joint venture arrangement, differences of opinions among the joint venture participants may result in delayed decisions or failures to reach agreement on major issues. We and our joint venture partners may, in certain instances, fail to reach agreement on significant decisions on a timely basis, or at all. We also cannot control the actions of our joint venture partners, including any non-performance, default, or bankruptcy of our joint venture partners, and we typically share liability or have joint and/or several liability with our joint venture partners for joint venture matters. Any of these factors could potentially have a material adverse effect on our joint venture operations and the</p>

profitability of our joint ventures.

In joint ventures in which we hold a minority interest, we have limited control over many decisions relating to joint venture operations and internal controls relating to operations. These joint ventures may not be subject to the same requirements regarding internal controls and internal control reporting that apply to us. As a result, internal control issues may arise that could have a material adverse effect on the joint venture. In addition, to establish or preserve relationships with our joint venture partners, we may agree to assume risks and contribute resources that are proportionately greater than the returns we expect to receive in the related joint venture. Such agreements may reduce our income and returns on these investments compared to what we would have received if our assumed risks and contributed resources were proportionate to our returns.

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
1
Comments
<p>The company states that it has never previously, and does not currently, engage in offset agreements but recognises the corruption risks they present. The company also indicates that should it enter into such an agreement in the future that it has a dedicated procedure requiring the input and coordination of several departments to manage and oversee offset obligations.</p> <p>However, the company does not suggest that it would require tailored anti-corruption training for all associated employees. Additionally, the company does not specify that this internal grouping would manage the offset arrangement throughout the project lifecycle.</p>
Evidence
<p>[28] Offsets (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/offsets/ HII does not currently, and has not historically, entered into contracts that require an offset obligation. However, HII recognizes that certain foreign governments impose offset conditions as a matter of course. Offsets involve significant commercial, legal, and regulatory risks. For a U.S. defense contractor such as HII, offsets involve certain reporting requirements to the U.S. Department of Commerce’s Bureau of Industry and Security (BIS). Such contracts also carry commercial and corruption risks. As a result, HII has adopted a formal procedure to govern offsets should the issue arise.</p> <p>Under HII’s procedure, all offsets must be approved at the Corporate level with input from relevant departments including legal, finance, and compliance. HII is committed to ensuring that any offset contract has been fully assessed for corruption risks and cleared by the Compliance Office.</p>

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
1
Comments
<p>Based on public information, there is evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on offset obligations. There is also evidence that these procedures stipulate assurance of the legitimacy of the investment.</p> <p>However, there is no evidence that the company's procedure stipulates refreshing this due diligence continuously or at least when there is a significant change in the business relationship or nature of the partner. Additionally, there is no evidence that this procedure includes checks on ultimate beneficial ownership of offset brokers or beneficiaries, or that it covers conflicts of interest.</p>
Evidence
<p>[28] Offsets (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/offsets/ HII does not currently, and has not historically, entered into contracts that require an offset obligation. However, we are committed to ensuring compliance with anti-corruption laws in all aspects of our domestic and international operations. To the extent we are presented with a business opportunity that involves an offset contract, we will conduct a full review for anti-corruption compliance. This will include a careful assessment of the business rationale for the investment.</p> <p>[2] Anti-Corruption Program (Webpage) Accessed 18/06/2019 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/ Finally, our commitment to anti-corruption compliance is such that we demand an equal commitment from the companies with which we conduct business. HII's procedures require that, prior to engaging any business partners, HII performs due diligence to ensure that our business partners share our commitment to ethical business practices. Our due diligence is a strict requirement for the Company and all of its subsidiaries, regardless of location.</p> <p>[13] Corporate Annual Compliance Plan 2019 (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf [p.5] The Core Principle of "Hiring the Right People" extends to the parties with whom HII contracts, including suppliers, business partners, and consultants. Conducting risk-based due diligence on contractual counter parties and third parties is an essential element of an effective compliance program.</p>

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
N/A
Comments
The company publishes a statement that it does not, and has not historically, entered into any offset agreements, as well as a statement that it does not engage offset agents or brokers.
Evidence
<p>[28] Offsets (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/offsets/ HII does not engage offset agents or brokers.</p> <p>[...]</p> <p>HII does not currently, and has not historically, entered into contracts that require an offset obligation, whether direct or indirect.</p>

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
N/A
Comments
The company publishes a statement that it does not, and has not historically, entered into any offset agreements.
Evidence
<p>[28] Offsets (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/offsets/ HII does not currently, and has not historically, entered into contracts that require an offset obligation, whether direct or indirect.</p>

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
2
Comments
<p>The company acknowledges the corruption risks associated with operating in different markets and there is evidence that it has a risk assessment process in place to account for these specific risks, with clear risk management procedures in place. The results of risk assessments have a direct impact on business decisions and inform the development and implementation of additional controls. The company provides examples of such possible controls.</p>
Evidence
<p>[29] High Risk Markets (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/high-risk-markets/ HII is primarily a U.S. government contractor with the vast majority of its operations in the United States. Even our employees based outside of the U.S. are primarily engaged with U.S. government customers in those countries.</p> <p>As a result, we are extraordinarily cautious with our international operations to ensure full compliance with U.S. and local laws, including anti-corruption laws. Our anti-corruption program has established several mechanisms for ensuring that this risk is properly accounted for.</p> <p>For example, in the risk categorization of our Representatives, any Representative that will be dealing with government officials in a country with a reputation for corruption will be categorized at least as medium risk (possibly higher depending on the nature of the engagement, scope of services, etc.), ensuring enhanced due diligence steps. Employees travelling to foreign countries must obtain pre-approval from the Compliance Office before engaging in meals or other hospitality while in the foreign country. As our business evolves, territorial risk will continue to factor into our approach toward anti-corruption compliance. Territorial risk is a significant factor in our annual anti-corruption risk assessment.</p> <p>When entering into new markets we routinely obtain the advice of counsel, including on issues related to corruption and bribery risks.</p> <p>[1] Code of Ethics and Business Conduct (Document) Accessed 18/06/2019 https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf [p.7] 1.6 International Business</p> <p>You must follow the laws and regulations of all countries and jurisdictions where Huntington Ingalls Industries conducts business. You may encounter unfamiliar rules, regulations, business customs, manners and cultures during business travel.</p> <p>Become familiar with practices in other countries so that you do not misrepresent or harm the reputation of our company, our business partners, or yourself. If there is a conflict between the laws of two or more countries, contact the Legal Department for assistance.</p> <p>When conducting business in any country, you have the following responsibilities:</p> <ul style="list-style-type: none"> • Remain current with all laws and regulations that apply to your work. • Know and follow the laws regarding export and import of our products, technical data and services, including those restricting the release of technical data.

- Be careful when using consulting services to represent our interests. Consultants, sales representatives, distributors, and contractors must comply with HII's standards of conduct.

[9] Annual Report 2018 (Document)

Accessed 18/06/2019

<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NzA1MDkzfENoaWxkSUQ9NDE3NDE5fFR5cGU9MQ==&t=1>

[p.4] All of these accomplishments are a credit to our workforce— now more than 40,000 strong and spread across 42 states and 13 countries.

[13] Corporate Annual Compliance Plan 2019 (Document)

Accessed 18/06/2019

https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf

[p.3] Each division developed its own Annual Compliance Plan guided by the Core Principles and Core Elements developed by the CCO; those Core Principles and Core Elements in turn guide specific Work Plans that will drive ownership, responsibility, and accountability for compliance to every employee throughout the company. Each division plan is customized to address the risks presented by a particular division's operations. For example, some of the Core Elements identified in the Newport News Shipbuilding Annual Compliance Plan may vary from the Ingalls Shipbuilding Annual Compliance Plan, Technical Solutions Annual Compliance Plans, or this HII Corporate Plan. Even for a single Core Element, the Newport News Shipbuilding Work Plan may be different from the Work Plan developed by Ingalls Shipbuilding, as different risks may require different responses. Each division should coordinate additions or deletions of Core Elements through the applicable division Director of Compliance and the Law Department Representative. Any such changes requires the approval of the CCO.

[p.11] Core Elements:

[...]

Anti-Corruption*

[p.13] Risk Assessment and Evaluation

Each year, using HII's CAMS the Company will conduct an "Evaluation" (backward looking review) and a "Risk Assessment" (forward looking analysis) for each Core Element.

To start that process, a senior officer of the Company will request that HII's Law Department conduct a privileged and confidential review of how well the Plan and related activities comply with applicable law and legal standards. The Compliance Program Manager, the Core Element Manager, and the Law Department Representative will meet each fall to complete an Evaluation for each Core Element. In the following year, those individuals will meet to complete the Risk Assessment section within the CAMS for each Core Element.

Risk Assessment

Work Plans will be informed by a privileged risk assessment of each Core Element conducted by the Compliance Program Manager, Core Element Manager, and Legal Representative at the direction of the Law Department. In analyzing risk, they will evaluate the risk likelihood and severity for each Core Element based on the three elements of the fraud triangle - Rationalization, Opportunity, and Pressure. Additionally, they will determine if "Enterprise Risk" exists. An "Enterprise Risk" is any risk that, when aggregated across programs, locations, or business, affects any of the following: the sustainability of the division or HII; the ability of the division or HII to achieve their respective objectives, strategies or models; or impact HII's reputation. If "Enterprise Risk" exists with respect to a Core Element, the Core Element Manager will inform the head of HII's Enterprise Risk Management program, the Accountable VP, and his or her Law Department Representative.

Risk Mitigation

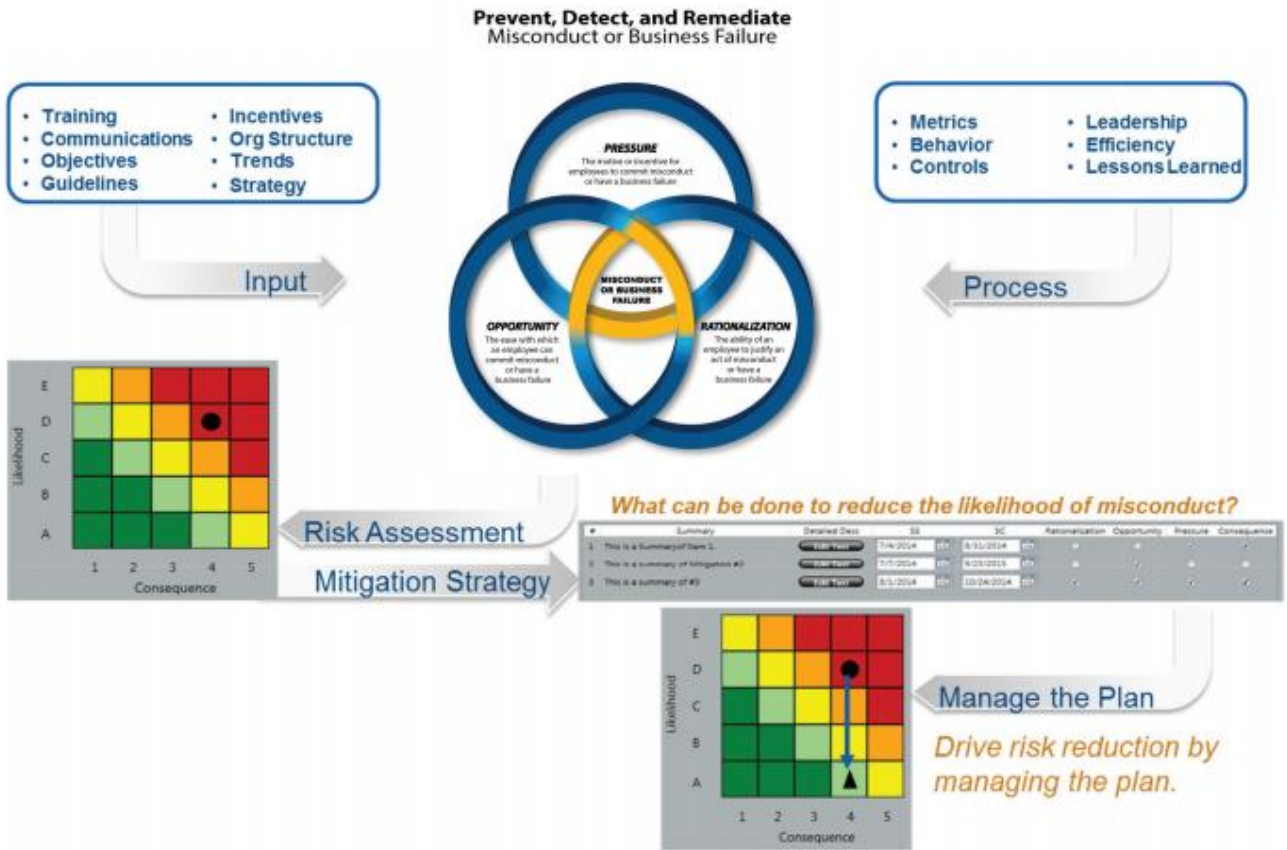
Core Element Managers, working with their Legal Representative, may determine specific actions are appropriate to either reduce or sustain the assessed risk. These actions will be recorded in CAMS under the section titled Risk Mitigation, and should include a scheduled period of time for completion. The following graphic depicts the Risk Assessment and Mitigation process.

External Risks

In addition to this Risk Assessment Process, when appropriate the Law Department will assist the company in evaluating certain external risks. Evaluation The Core Element Manager, with the advice and assistance of their Legal Representative, will evaluate the Core Element by completing the Evaluation section within CAMS.


Evaluation

The Core Element Manager, with the advice and assistance of their Legal Representative, will evaluate the Core Element by completing the Evaluation section within CAMS.



Question																																																																																																																		
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?																																																																																																																		
Score																																																																																																																		
1																																																																																																																		
Comments																																																																																																																		
<p>In its annual filing to the Securities and Exchange Commission the company provides a list of its subsidiaries. This includes the company’s ownership percentage of the subsidiary and the jurisdiction of incorporation.</p> <p>However, there is no evidence that the list is complete or up to date. Additionally, the company does not provide information on the subsidiaries’ countries of operation.</p>																																																																																																																		
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<p>[29] High Risk Markets (Webpage) Accessed 22/05/2020 https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/high-risk-markets/ HII discloses all information regarding its subsidiaries, joint ventures, and other associated entities in its public filings with the U.S. Securities Exchange Commission.</p> <p>[16] Subsidiaries of Huntington Ingalls Industries Inc. (Webpage) Accessed 18/06/2019 http://ir.huntingtoningalls.com/phoenix.zhtml?c=243052&p=irol-SECText_pf&TEXT=aHR0cDovL2FwaS50ZW5rd2l6YXJkLmNvbS9maWxpbnmcueG1sP2lwYWdIPTEyNzEwNjU0JkRTRVE9MTiZTRVE9MTIxJINRREVTQz1TRUNUSU9OX1BBR0UmZXhwPSZzdWJzaWQ9NTc=</p>																																																																																																																		
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Pegasus International, Inc.	Texas	100%
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Pegasus International (UK), LTD	United Kingdom	100%
Quest Project Personnel, Inc.	Texas	100%
Southwest Survey Inc.	Texas	100%
TITAN II Inc.	Delaware	100%
Trusted Security Alliance, LLC	Maryland	75%
Universal Cayman, Inc.	Cayman Islands	100%
Universal Destinations LLC	Texas	100%
Universal Ensco, Inc.	Texas	100%
UniversalPegasus International Holdings, Inc.	Delaware	100%
UniversalPegasus International, Inc.	Delaware	100%
UniversalPegasus Power Services, Inc.	Delaware	100%
UniversalPegasus International Trinidad and Tobago Limited	Trinidad and Tobago	86.5%
UniversalPegasus International Canada, Inc.	Canada - Alberta	100%
UP International, Inc.	Delaware	100%
UPI Projects Canada Ltd.	Canada - Alberta	100%
UPI (EG), LLC	Texas	100%
UP Support Services, Inc.	Delaware	100%
UP Verification Trinidad and Tobago Limited	Trinidad and Tobago	100%
Veritas Analytics, Inc.	Virginia	100%

Question										
9.3 Does the company disclose its beneficial ownership and control structure?										
Score										
2										
Comments										
The company is listed on the New York Stock Exchange and therefore automatically receives a score of '2'.										
Evidence										
<p>[9] Annual Report 2018 (Document) Accessed 18/06/2019 http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NzA1MDkzfENoaWxkSUQ9NDE3NDE5fFR5cGU9MQ==&t=1 [p.28] ISSUER PURCHASES OF EQUITY SECURITIES</p> <p>Market Information Our common stock is listed on the New York Stock Exchange under the symbol "HII".</p> <p>Stockholders The approximate number of our common stockholders was 16,240 as of February 11, 2019.</p> <p>[17] Financial Times Market Data – Huntington Ingalls Industries (Webpage) Accessed 20/08/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=HII:NYQ</p>  <p>Huntington Ingalls Industries Inc HII:NYQ ▾ Industrials > Aerospace & Defense</p> <table border="1"> <thead> <tr> <th>PRICE (USD)</th> <th>TODAY'S CHANGE</th> <th>SHARES TRADED</th> <th>1 YEAR CHANGE</th> <th>BETA</th> </tr> </thead> <tbody> <tr> <td>207.21</td> <td>↓ -1.03 / -0.49%</td> <td>23.62k</td> <td>↓ -16.65%</td> <td>1.1717</td> </tr> </tbody> </table> <p><small>Data delayed at least 15 minutes, as of Aug 20 2019 16:06 BST.</small></p>	PRICE (USD)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA	207.21	↓ -1.03 / -0.49%	23.62k	↓ -16.65%	1.1717
PRICE (USD)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA						
207.21	↓ -1.03 / -0.49%	23.62k	↓ -16.65%	1.1717						

Question

9.4 Does the company publish a percentage breakdown of its defence sales by customer?

Score

2

Comments

In its annual report, the company indicates that in each of the last three years its contracts with the US government accounted for over 95% of its revenues both where it is the prime contractor and when it is a subcontractor. The company is only active in the defence sector.

Evidence

[18] Company Response To Defence Companies Index (Webpage)

Accessed 15/05/2020

<https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/>

The vast majority (over 90%) of HII's revenue derives from contracts with the U.S. Navy and Coast Guard.

[9] Annual Report 2018 (Document)

Accessed 18/06/2019

<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NzA1MDkzfENoaWxkSUQ9NDE3NDE5fFR5cGU9MQ==&t=1>

[p.81]

Disaggregation of Revenue

The following tables present revenues on a disaggregated basis, in a manner that reconciles with the Company's reportable segment disclosures, for the following categories: product versus service type, customer type, contract type, and major program. See Note 9: Segment Information. The Company believes that this level of disaggregation provides investors with information to evaluate the Company's financial performance and provides the Company with information to make capital allocation decisions in the most appropriate manner.

(\$ in millions)	Year Ended December 31, 2018				
	Ingalls	Newport News	Technical Solutions	Intersegment Eliminations	Total
Revenue Type					
Product sales	\$ 2,390	\$ 3,559	\$ 74	\$ —	\$ 6,023
Service revenues	215	1,156	782	—	2,153
Intersegment	2	7	132	(141)	—
Sales and service revenues	<u>\$ 2,607</u>	<u>\$ 4,722</u>	<u>\$ 988</u>	<u>\$ (141)</u>	<u>\$ 8,176</u>
Customer Type					
Federal	\$ 2,605	\$ 4,714	\$ 589	\$ —	\$ 7,908
Commercial	—	1	265	—	266
State and local government agencies	—	—	2	—	2
Intersegment	2	7	132	(141)	—
Sales and service revenues	<u>\$ 2,607</u>	<u>\$ 4,722</u>	<u>\$ 988</u>	<u>\$ (141)</u>	<u>\$ 8,176</u>
Contract Type					
Firm fixed-price	\$ 81	\$ 8	\$ 147	\$ —	\$ 236
Fixed-price incentive	2,167	1,876	1	—	4,044
Cost-type	357	2,831	370	—	3,558
Time and materials	—	—	338	—	338
Intersegment	2	7	132	(141)	—
Sales and service revenues	<u>\$ 2,607</u>	<u>\$ 4,722</u>	<u>\$ 988</u>	<u>\$ (141)</u>	<u>\$ 8,176</u>

[p.82] *U.S. Government Sales* - Revenues from the U.S. Government include revenues from contracts for which HII is the prime contractor, as well as contracts for which the Company is a subcontractor and the ultimate customer is the U.S. Government. The Company derived over 95% of its revenues from the U.S. Government for each of the years ended December 31, 2018, 2017, and 2016.

10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score
N/A
Comments
N/A
Evidence

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
N/A
Comments
N/A
Evidence

Question
10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?
Score
N/A
Comments
N/A
Evidence

Question
10.4 Is the SOE's audit committee composed of a majority of independent directors?
Score
N/A
Comments
N/A
Evidence

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
N/A
Comments
N/A
Evidence

List of Evidence & Sources

No.	Type <i>(Webpage or Document)</i>	Name	Download Date	Link
01	Document	Code of Ethics and Business Conduct	18/06/2019	https://www.huntingtoningalls.com/wp-content/uploads/2017/12/hii_codeofethics2017.pdf
02	Webpage	Anti-Corruption Program	18/06/2019	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/anti-corruption-program/
03	Document	Supplier Code of Conduct	18/06/2019	https://www.huntingtoningalls.com/wp-content/uploads/2016/07/ethicsba.pdf
04	Webpage	About EthicsPoint	18/06/2019	https://secure.ethicspoint.com/domain/media/en/gui/47460/faq.html
05	Webpage	Reporting - General	18/06/2019	https://secure.ethicspoint.com/domain/media/en/gui/47460/faq.html
06	Webpage	Reporting Security and Confidentiality	18/06/2019	https://secure.ethicspoint.com/domain/media/en/gui/47460/faq.html
07	Webpage	Tips and Best Practices	18/06/2019	https://secure.ethicspoint.com/domain/media/en/gui/47460/faq.html
08	Webpage	OpenLine and Contact Information	18/06/2019	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/openline-and-contact-information/
09	Document	Annual Report 2018	18/06/2019	http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDE3NDIwfENoaWxkSUQ9LTF8VHlwZT0z&t=1&cb=636885132580017975
10	Document	Notice of Annual Meeting and Proxy Statement	18/06/2019	http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDE3NDIwfENoaWxkSUQ9LTF8VHlwZT0z&t=1&cb=636885132580017975
11	Webpage	Ethics and Compliance	18/06/2019	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/
12	Document	Interview with Director Ethics and Business Conduct	18/06/2019	https://www.huntingtoningalls.com/wp-content/uploads/2016/06/rogers_sce-cep_dec2015.pdf

13	Document	Corporate Annual Compliance Plan 2019	18/06/2019	https://www.huntingtoningalls.com/wp-content/uploads/2019/04/annual_compliance_plan2019.pdf
14	Document	2018 Report to the Community	18/06/2019	https://www.huntingtoningalls.com/wp-content/uploads/2019/05/2018-Report_to_the_Community_5-9-19.pdf
15	Webpage	Ethics and Business Conduct Supplier Tools	18/06/2019	https://supplier.huntingtoningalls.com/sourcing/ethics_and_business_conduct_supplier_tools.html
16	Webpage	Subsidiaries of Huntington Ingalls Industries Inc.	18/06/2019	http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDE3NDIwfENoaWxkSUQ9LTF8VHlwZT0z&t=1&cb=636885132580017975
17	Webpage	Financial Times Market Data – Huntington Ingalls Industries	20/08/2019	https://markets.ft.com/data/equities/tearsheet/summary?s=HII:NYQ
18	Webpage	Company Response To Defence Companies Index	15/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/
19	Webpage	Leadership Page	15/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/leadership-and-organisational-culture/
21	Webpage	Internal Controls Page	20/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/internal-controls/
22	Webpage	Support to Employees	20/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/support-to-employees/
23	Webpage	Conflicts of Interest	21/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/conflicts-of-interest/
24	Webpage	Customer Engagement	21/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/customer-engagement/
25	Webpage	HIIPAC Political Action Committee	21/05/2020	https://www.fec.gov/data/committee/C00325092/?tab=spending

		e Spending Disclosures		
26	Webpage	Supply Chain Management	21/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/supply-chain-management/
27	Webpage	Agents Intermediaries Joint Ventures	15/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/agents-intermediaries-joint-ventures/
28	Webpage	Offsets	22/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/offsets/
29	Webpage	High Risk Markets	22/05/2020	https://www.huntingtoningalls.com/who-we-are/ethics-compliance/transparency-international/high-risk-markets/